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STANBIC UGANDA HOLDINGS LIMITED

ANNUAL REPORT AND AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 December 2024

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Corporate Information

Directors
Chief Executive: Francis Karuhanga

Non-Executive Directors
Baker Magunda (Chairman)
Yinka Sanni
Norbert Kagoro
Agnes Asiimwe Konde
Mona Muguma Ssebuliba

Company Secretary
Rita Kabatunzi

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Crested Towers,
Short Tower 17 Hannington Road
P.O. Box 7395
Kampala

Auditor
Ernst & Young
Certified Public Accountants of Uganda
EY House
Plot 18, Clement Hill Road
Shimoni Office Village
P. O. Box 7215
Kampala, Uganda
Tel: +256 (0) 414 343 520

Directors' Report

The Directors submit their report together with the audited consolidated and separate financial statements (''financial statements'') for the year ended 31 December 2024, which disclose the state of affairs of Stanbic Uganda Holdings Limited ("the Company" or "SUHL") and its subsidiaries (together "the Group").

Principal Activities

SBU is a financial institution regulated by the Bank of Uganda (BOU) and licensed under the Financial Institutions Act, 2004, (as amended) to conduct commercial banking business. SPL primarily holds and manages the real estate portfolio of the Group and offers other services such as facilities management, property consultancy and execution of real estate projects. SBIL is a licensed Non-Governmental Organisation (NGO) under the NGO Act, set up to support the sustainability of Small and Medium Enterprises in Uganda through capacity building and development programs. Flyhub is a software development company that provides digital integration and innovative services as part of the Group's digital transformation journey. SBGS is an investment company licensed by the Capital Markets Authority to provide stock brokerage and asset management services. SBGS is also a member of the Uganda Securities Exchange.

Results

The Group's consolidated profit for the year of UShs 478 billion (2023: UShs 412 billion) has been added to retained earnings.

Dividends

During the year, an interim dividend of UShs 140 billion was paid (2023: UShs 125 billion). The directors recommend the approval of a final dividend for the year ended 31 December 2024 of UShs 160 billion (2023: UShs 155 billion). The total dividend for the year, therefore, is UShs 300 billion (2023: UShs 280 billion).

Share Capital

The total number of issued ordinary shares as at 31 December 2024 was 51,188,669,700 ordinary shares of UShs 1 each (2023: 51,188,669,700 shares of UShs 1 each).

Directors and Company Secretary

The Directors and Company Secretary who held office during the year and to the date of this report are as shown under Corporate Information.

Directors' Interest in Shares

The following director as of 31 December 2024, held direct interest in SUHL's ordinary issued share capital as reflected below:

Director Number of Shares

Josepha T. Ndamira 30,000

Auditor

The Group's auditor, Ernst & Young Certified Public Accountants, was reappointed during the financial year ended 31 December 2024 and has expressed willingness to continue in office in accordance with Section 167(2) of the Companies Act of Uganda.

Insurance

Directors' and Officers' liability insurance was maintained during the year.

Management by Third Parties

None of the Group's business was managed by a third person or an entity in which a director had any interest during the year.

By Order of the Board

Rita Kabatunzi
Company Secretary
20 March 2025

Statement of Directors' Responsibilities

The Companies Act of Uganda requires the Directors to prepare consolidated and separate financial statements for each financial year that give a true and fair view of the state of financial affairs of the Group and Company as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group. They are also responsible for safeguarding the assets of the Group.

The Directors accept responsibility for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS) and in the manner required by the Companies Act of Uganda.

The Directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Group and Company and of its profit in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and have been prepared in the manner required by the Companies Act of Uganda.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated and separate financial statements and for such internal control as they determine are necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors have assessed the Group's and Company's ability to continue as going concerns. The Directors hereby report that nothing has come to their attention to indicate that the Group or the Company will not remain a going concern for the foreseeable future from the date of this statement.

Approval of the consolidated and separate financial statements

The consolidated and separate financial statements of Stanbic Uganda Holdings Limited were approved by the Board of Directors on 20 March 2025 and were signed on its behalf by:

....

Baker Magunda
Board Chairman
20 March 2025

....

Francis Karuhanga
Chief Executive
20 March 2025

Preparation of the consolidated and separate financial statements

The consolidated and separate financial statements for Stanbic Uganda Holdings Limited for the year ended 31 December 2024 have been prepared by CPA Ronald Makata (FM2257).

Signature

Report of the Board Audit and Risk Committee

This report is provided by the Board Audit and Risk Committee (the "Committee") in respect of the 2024 financial year of the Group. The Committee's operation is guided by a Board Committee Mandate (the "mandate"), which is informed by the Companies Act and Financial Institutions Act, 2004, (as amended) of Uganda, impacting the banking subsidiary, the Uganda Securities Exchange (USE) Listing Rules 2021 and is approved by the Board. The Committee composition is annually reviewed by the Board.

Execution of Functions

The Committee has executed its duties and responsibilities during the financial year in accordance with its mandate as it relates to the Group's accounting, internal auditing, internal control and financial reporting practices. During the year under review, the Committee, among other matters, considered the following:

In respect of the External Auditor and the External Audit:

- Considered and recommended to the Board for the reappointment of Ernst & Young Certified Public Accountants (EY) as external auditor for the financial year ended 31 December 2024, in accordance with the applicable legal requirements.
- Approved the external auditor's terms of engagement, the audit plan and budgeted audit fees.
- Assessed and obtained assurance from the external auditor that their independence was not impaired.
- Approved proposed contracts with the external auditor for the provision of non-audit services and pre-approved proposed contracts with the external auditor for the provision of non-audit services above an agreed threshold amount.
- Considered the nature and extent of all non-audit services provided by the external auditor.
- Confirmed that no reportable irregularities were identified and reported by the external auditor.

In respect of internal control and internal audit:

- Reviewed and approved the internal audit charter and audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter.
- Considered reports of the internal and external auditors on the Group's systems of internal control, including internal financial controls, and maintenance of effective internal control systems.
- Reviewed significant issues raised by the internal audit processes and the adequacy of corrective action taken in response to such findings.
- Assessed whether there were any significant differences of opinion between the internal audit function and management and found none.
- Assessed the independence and effectiveness of the Group Chief Audit Officer, the internal audit function and adequacy of the available internal audit resources and found them to be satisfactory.
- Considered the outcome of the Group's external auditor's annual assessment of internal audit against the requirements of International Standards on Auditing (ISA) 601, which confirmed that the external auditors could place reliance on internal audit's work for the purpose of external audit engagements.
- Reviewed the internal audit annual report which summarised the results and themes observed as part of internal audit's activities for the prior year as well as internal audit's assurance statement that the control environment was effective to ensure that the degree of risk taken by the Group was at an acceptable level and that internal financial controls were adequate and effective in ensuring the integrity of material financial information.
- Based on the above, the committee formed the opinion that, at the date of this report, there were no material breakdowns in internal control, including internal financial controls, resulting in any material loss to the Group.
- Over the course of the year, met with the Group's Chief Audit Officer, Chief Compliance Officer, Head of Anti-financial Crime, Chief Finance and Value Manage Officer, management, and the external auditors.
- Considered quarterly reports from the Group's Internal Financial Control Committee.

In respect of the consolidated and separate financial statements:

- Confirmed applicability of the going concern principle as the basis of preparation of the annual financial statements.
- Examined and reviewed the interim and annual financial statements prior to submission and approval by the Board.
- Reviewed reports on the adequacy of the provisions for loans and advances and other financial assets, and the methodology applied by the Group in determining charges for and levels of impairment thereof.
- Ensured that the annual financial statements fairly present the financial position of the Group, as at the end of the financial year and the results of it's operations and it's cash flows for the financial year.
- Ensured that the annual financial statements are prepared in accordance with IFRS and in the manner required by the Companies Act of Uganda.
- Considered accounting treatments, significant unusual transactions, and accounting judgements.
- Considered the appropriateness of the accounting policies adopted.
- Reviewed any significant legal and tax matters that could have a material impact on the financial statements.
- Reviewed and discussed the external auditor's report.
- Noted that there were no material reports or complaints received concerning accounting practices, internal audit, internal financial controls, the content of the financial statements, internal controls and related matters.

In respect of risk management and information technology:

- Considered risks as they pertained to the control environment, financial reporting and the going concern assessment.
- Considered updates on key internal and external audit findings in relation to the Information Technology (IT) control environment, significant IT programmes and IT intangible assets.
- In respect of financial accounting and reporting developments, reviewed management's process and progress with respect to new financial accounting and reporting developments.

In respect of the coordination of assurance activities, the committee:

- Reviewed the plans and work outputs of the external and internal auditor as well as compliance and financial crime control and concluded that these were adequate to address all significant financial risks facing the business of the Group, and
- Considered the expertise, resources and experience of the finance function and the senior members of management responsible for this function and concluded that these were appropriate.

In respect of the Annual Report:

- Recommended the annual report to the Board for approval.
- Evaluated management's judgments and reporting decisions in relation to the annual report and ensured that all material disclosures are included.
- Reviewed forward-looking statements, financial and sustainability information in respect of internal control, internal audit and financial crime control.
- Reviewed and approved the annual internal audit charter and audit plan and evaluated the independence, effectiveness and performance of the Internal Audit department and compliance with its charter.
- Considered reports of the internal and external auditors on the Group's internal control systems, including internal financial controls and maintenance of effective internal control systems.
- Reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to such findings.
- Noted that there were no significant differences of opinion between the internal audit function and management.
- Assessed the adequacy of the performance of the internal audit function and adequacy of the available internal audit resources and found them to be satisfactory.
- Received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal.
- Based on the above, the Committee formed the opinion that there were no material breakdowns in internal control at the date of this report, including internal financial controls, resulting in any material loss to the Group.
- Reviewed and approved the mandate of the financial crimes as an independent risk function.
- Discussed significant financial crime matters and control weaknesses identified.
- Considered quarterly reports from the Group's internal financial controls committee.
- Considered the independent assessment of the effectiveness of the internal audit function.

In respect of legal, regulatory and compliance requirements.

- Reviewed, with management, matters that could have a material impact on the Group.
- Monitored compliance with the Companies Act, Financial Institutions Act, 2004, (as amended) and the Financial Institutions Regulations of Uganda, all other applicable legislation and governance codes and reviewed reports from internal audit, external audit, and compliance relevant to their monitoring.
- Noted that no complaints were received through the Group's ethics and fraud hotline concerning accounting matters, internal audit, internal financial controls, contents of financial statements, potential violations of the law and questionable accounting or auditing matters.
- Reviewed and approved the annual compliance mandate and compliance plan. In respect of risk management, it considered and reviewed reports from management on risk management, including fraud and its risks pertaining to financial reporting and the going concern assessment.
- In respect of the coordination of assurance activities, the committee reviewed the plans and work outputs of the external and internal auditors as well as compliance and financial crime control and concluded that these were adequate to address all significant financial risks facing the business.
- Considered the expertise, resources and experience of the finance function and the senior members of management responsible for this function and concluded that these were appropriate.

Independence of the External Auditor

The Committee is satisfied that EY is independent of the Group. This conclusion was arrived at, inter alia, after taking into account the following factors:

- The representations made by EY to the Committee in relation to their independence as external auditor.
- The auditor does not, except as external auditor or in rendering permitted non- audit services, receive any remuneration or other benefits from the Group.
- The auditor's independence was not impaired by any consultancy, advisory or other work undertaken by them.
- The auditor's independence was not prejudiced as a result of any previous appointment as auditor.

In conclusion, the Board Audit and Risk Committee has complied with its legal, regulatory and governance responsibilities as set out in its mandate.

Board Audit and Risk Committee

20 March 2025

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Certified Public Acountants
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Independent Auditor's Report

TO THE SHAREHOLDERS OF STANBIC UGANDA HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Stanbic Uganda Holdings Limited ('the Company') and its subsidiaries ('the Group') and Company set out on pages 12 to 113, which comprise of the consolidated and separate statements of financial position as at 31 December 2024, and the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 31 December 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of Uganda.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and Company and in Uganda.

We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in Uganda. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter only applies to the audit of the consolidated financial statements.

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Key Audit Matter	How the matter was addressed in the audit
Determination of expected credit losses on loans and advances	
As disclosed in Note 21 to the consolidated and separate financial statements, as at 31 December 2024, the Group had an allowance for expected credit losses of UShs 131 billion (2023: UShs 145 billion) charged on gross loans and advances to customers of UShs 4,505 billion (2023: UShs 4,371 billion). The related charge for the year to the income statement was UShs 61.6 billion (2023: UShs 109.9 billion) as disclosed in Note 11 to the consolidated and separate financial statements. The expected credit losses are based on a forward-looking approach that recognises impairment loss allowances in accordance with IFRS 9 Financial Instruments. The estimation of expected credit losses requires the Group to make significant judgements in the consideration of the following variables: • Allocation of loans to stages 1, 2 and 3 in accordance with IFRS 9 based on: - Credit exposures for which there has been a significant increase in credit risk since initial recognition, and for which a loss allowance is recognised over the remaining life of the exposure (lifetime ECL); and - Credit exposures for which there has been no significant increase in credit risk, and for which a loss allowance is recognised for default events that are possible within the next 12-months (12-month ECL). • Stratification of the loans and advances to customers under different credit portfolios on the basis of the associated credit risk. • Assessment of the Probability of Default (PD) and the Loss Given Default (LGD). • The application of historical and forward-looking information, including macro-economic factors in the assessment of the PD. • Assessment and forecasting of expected future cash flows from impaired (stage 3) loans and advances to customers including assessing the financial condition of the counterparty, estimating recoverability of the cash flows and collateral realisation. • Consideration of the impact on default rates of correlated forward looking macroeconomic factors. • Expected utilisation of overdraft and other lending commitments over the lifetime of the commitments. • Application of additional overlay adjustments to reflect factors that are not considered in the applied expected credit loss model. Due to the significance of the amounts, and the significant judgements and related estimation uncertainty involved, the assessment of ECLs on loans and advances to customers has been considered a key audit matter. The complexity of these estimates requires management to prepare financial statement disclosures explaining the key judgments and the key inputs into the ECL computations. The disclosures in Notes 2.3, 2.4(a) and 3(c) to the consolidated and separate financial statements provide information about the Group's ECL models and the related accounting policies, key assumptions and judgements.	Our audit procedures included, but were not limited to: • Obtaining an understanding of management's process and controls over credit origination, credit monitoring, credit remediation and expected credit loss modelling. This included understanding the governance over the credit models and related management overlay adjustments and evaluating that the ECL models were in accordance with the IFRS 9 principles. • For non-performing loans (NPLs or Stage 3) ECL models: - We tested the completeness of the NPLs identified by management by inspecting the loan register that all loans meeting the NPL criteria are included in the schedule of NPLs. For credit classifications based on subjective criteria, we evaluated the appropriateness of the factors considered by management. - We understood the ECL models and the key inputs and selected a sample for testing, taking into consideration both quantitative and qualitative factors. The quantitative factors were primarily based on our performance materiality while the qualitative factors considered aspects such as facilities watch-listed by management and the regulator, nonperforming borrowers known from publicly available information and borrowers in sectors that are not performing as expected. - For the selected sample of NPLs, we inspected the related loan files and evaluated that the inputs in the ECL models agreed to the supporting documentation in the files. Inputs considered included interest rates which are used as the discount factors, outstanding loan balances which are the basis for determining the LGD, value of the collateral held which is the basis for expected cash flows from loans to be recovered through foreclosure. - We evaluated whether the basis for determining the expected net cash flows from the loans was reasonable in the circumstances. This included evaluating that expected cash flows based on foreclosure are based on the collateral Forced Sale Values as determined by the external valuer and as adjusted by appropriate haircuts, or as otherwise justified by management, including reflecting available supportable information which reflects borrower specific and/or current market conditions. For cash flows expected from repayments by the borrowers, we evaluated that they were supported by enforceable commitments and evidence of source of cash to be used by the borrower to repay the loans. - We evaluated whether the expected timing of the cash flows was reasonably supported considering the information available to the Group without undue cost and effort. This included considering past experience of the time it takes to complete a foreclosure including factors such as the time required to complete relevant legal processes as adjusted for changes in the business environment. - We evaluated whether necessary adjustments to the expected cash flows were considered including a reasonable estimate of the costs expected to be incurred to recover the expected cash flows. • For Stage 1 and 2 ECL models, the ECL balances determined by management were evaluated by assessing whether they were within the range of estimates recomputed using available inputs and validated information produced by the Group. This included evaluating that inputs into the ECL models like the loan balances used agreed to the general ledger and that there were no duplicated or omitted loan facilities and management overlay adjustments like technical arrears were in line with the Group's policy. • Assessed whether disclosures made in the consolidated and separate financial statements agreed to the audited balances and information, and whether they were in accordance with IFRS 9.

Other Information

The directors are responsible for the other information. The other information comprises the information included on pages 1 to 7, which includes the Corporate Information, Directors' Report as required by the Companies Act of Uganda, the Statement of Directors' Responsibilities and the Report of the Board Audit and Risk Committee, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of Uganda, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirements

As required by the Companies Act, 2012 of Uganda, we report to you, based on our audit, that:

i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit;

ii. In our opinion, proper books of account have been kept by the Group and Company, so far as appears from our examination of those books; and

iii. The consolidated and separate statements of financial position, consolidated and separate income statements and consolidated and separate statements of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Julius Rwajekare – P0307.

Ernst & Young

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Ernst & Young
Certified Public Accountants
Kampala, Uganda

....

Julius Rwajekare
Partner

24 March 2025

Consolidated and separate income statement
For the year ended 31 December 2024

	Notes	GROUP 2024 UShs' 000	GROUP 2023 UShs' 000	COMPANY 2024 UShs' 000	COMPANY 2023 UShs' 000
Interest revenue calculated using the effective interest method	5	**847,956,737**	781,926,437	**6,540,394**	1,782,775
Interest expense calculated using the effective interest method	6	**(86,106,828)**	(71,000,136)	**-**	-
Other interest and similar expense	6	**(2,046,683)**	(2,032,897)	**(62,400)**	(19,780)
Net interest income		**759,803,226**	708,893,404	**6,477,994**	1,762,995
Fee and commission income	7	**235,708,359**	221,166,962	**-**	-
Fee and commission expenses	7	**(19,378,419)**	(17,116,627)	**-**	-
Net fees and commission income		**216,329,940**	204,050,335	**-**	-
Net trading income	8	**304,287,307**	270,116,145	**-**	-
Other gains on financial instruments	9	**6,306,324**	-	**-**	-
Other income	10	**10,632,833**	11,084,313	**520,000,000**	320,000,000
Non-interest revenue		**537,556,404**	485,250,793	**520,000,000**	320,000,000
Total income before credit impairment charge		**1,297,359,630**	1,194,144,197	**526,477,994**	321,762,995
Impairment charge for credit losses	11	**(34,012,819)**	(69,453,662)	**-**	-
Total income after credit impairment charge		**1,263,346,811**	1,124,690,535	**526,477,994**	321,762,995
Employee benefits expense	12	**(281,114,461)**	(252,911,564)	**(7,659,545)**	(8,567,493)
Amortisation	24	**(15,549,440)**	(15,252,032)	**-**	-
Depreciation	25	**(31,487,431)**	(32,306,644)	**(858,911)**	(655,533)
Other operating expenses	13	**(284,125,867)**	(283,273,568)	**(4,088,613)**	(3,002,523)
Profit before income tax		**651,069,612**	540,946,727	**513,870,925**	309,537,446
Income tax (expense)/credit	14	**(172,972,168)**	(129,415,623)	**(4,869,063)**	3,026,696
Profit for the year attributable to the equity holders of the Group		**478,097,444**	411,531,104	**509,001,862**	312,564,142
Earnings per share for profit attributable to the equity holders of the Group during the year (expressed In UShs per share):					
Basic and diluted	15	**9.34**	8.04	**9.94**	6.11

The notes set out on pages 18 to 113 form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of comprehensive income
For the year ended 31 december 2024

		GROUP		COMPANY	
		2024	2023	2024	2023
	Notes	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Profit for the year		**478,097,444**	411,531,104	**509,001,862**	312,564,142
Other comprehensive income for the year after tax:					
Items that may be subsequently reclassified to profit and loss					
Net change in fair value reserve on financial investments measured at fair value through other comprehensive income (OCI), net of tax	27	**(9,508,424)**	(2,903,169)	**-**	-
Total comprehensive income for the year, net of tax		**468,589,020**	408,627,935	**509,001,862**	312,564,142

Income tax relating to other comprehensive income is disclosed in Note 27.
The notes set out on pages 18 to 113 form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of financial position As at 31 December 2024

		GROUP		COMPANY	
		2024	2023	2024	2023
	Notes	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Assets					
Cash and balances with Bank of Uganda	16	**1,211,168,332**	1,079,035,695	**-**	-
Derivative assets	29	**99,818,442**	99,208,570	**-**	-
Trading assets	18	**1,411,507,272**	1,778,937,821	**-**	-
Pledged assets	19	**55,380,467**	4,661,138	**-**	-
Financial investments	17	**1,119,893,564**	1,221,181,033	**22,386,226**	20,306,639
Current income tax recoverable	14	**-**	-	**6,222,267**	5,850,516
Loans and advances to banks	20	**376,592,468**	240,585,250	**-**	-
Loans and advances to customers	21	**4,373,754,036**	4,225,122,489	**-**	-
Amounts due from group companies	38	**1,173,660,878**	330,064,839	**245,538,652**	25,356,747
Investment in subsidiaries	40	**-**	-	**904,127,489**	903,127,489
Other assets	23	**376,973,573**	128,773,542	**99,890**	93,558
Property, equipment and right of use assets	25	**82,433,590**	83,682,517	**1,721,930**	735,384
Deferred tax assets	22	**69,730,655**	59,370,617	**4,586,214**	9,455,277
Goodwill and other intangible assets	24	**42,887,563**	52,775,000	**-**	-
Total assets		**10,393,800,840**	9,303,398,511	**1,184,682,668**	964,925,610
Shareholders' equity and liabilities					
Shareholders' equity					
Ordinary share capital	26	**51,188,670**	51,188,670	**51,188,670**	51,188,670
Fair value reserve on financial investments FVOCI	27	**(2,282,465)**	7,225,959	**-**	-
Retained earnings	41	**1,846,085,809**	1,667,988,365	**938,980,447**	729,978,585
Proposed dividends	35	**160,000,000**	155,000,000	**160,000,000**	155,000,000
Total shareholders' equity		**2,054,992,014**	1,881,402,994	**1,150,169,117**	936,167,255
Liabilities					
Derivative liabilities	29	**132,889,663**	135,159,501	**-**	-
Current income tax payable	14	**12,763,014**	21,988,995	**-**	-
Deposits from customers	30	**7,106,871,603**	6,332,851,589	**-**	-
Deposits from banks	31	**263,640,570**	96,704,725	**-**	-
Amounts due to group companies	38	**230,416,933**	243,593,384	**200,591**	1,078,135
Borrowed funds	32	**61,882,497**	16,627,259	**-**	-
Subordinated debt	34	**75,433,169**	77,641,462	**-**	-
Provisions and other liabilities	33	**454,911,377**	497,428,602	**34,312,960**	27,680,220
Total liabilities		**8,338,808,826**	7,421,995,517	**34,513,551**	28,758,355
Total equity and liabilities		**10,393,800,840**	9,303,398,511	**1,184,682,668**	964,925,610

The consolidated and separate financial statements on pages 12 to 113 were approved for issue by the Board of Directors on 20 March 2025 and signed on its behalf by:

Chairman **Chief Executive**

Director **Company Secretary**

The notes set out on pages 18 to 113 form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of changes in equity For the year ended 31 December 2024

GROUP	Notes	Share capital USh's' 000	Fair value through OCI reserve UShs' 000	Statutory credit risk reserve UShs' 000	Proposed dividends UShs' 000	Retained earnings UShs' 000	Total UShs' 000
Balance at 1 January 2024		**51,188,670**	**7,225,959**	**-**	**155,000,000**	**1,667,988,365**	**1,881,402,994**
Profit for the year		-	-	-	-	**478,097,444**	**478,097,444**
Other comprehensive loss for the year, net of tax	27	-	**(9,508,424)**	-	-	-	**(9,508,424)**
Total comprehensive income, net of tax		-	**(9,508,424)**	-	-	**478,097,444**	**468,589,020**
Transactions with owners recorded directly in equity							
Dividends paid	35	-	-	-	**(155,000,000)**	-	**(155,000,000)**
Interim dividends paid	35	-	-	-	-	**(140,000,000)**	**(140,000,000)**
Transfer from statutory credit risk reserve	28	-	-	-	-	-	-
Proposed dividends	35	-	-		**160,000,000**	**(160,000,000)**	-
Balance at 31 December 2024		**51,188,670**	**(2,282,465)**	**-**	**160,000,000**	**1,846,085,809**	**2,054,992,014**

GROUP	Notes	Share capital UShs' 000	Fair value through OCI reserve UShs' 000	Statutory credit risk reserve UShs' 000	Proposed dividends UShs' 000	Retained earnings UShs' 000	Total UShs' 000
Balance at 1 January 2023		51,188,670	10,129,128	-	185,000,000	1,536,457,261	1,782,775,059
Profit for the year		-	-	-	-	411,531,104	411,531,104
Other comprehensive loss for the year, net of tax	27	-	(2,903,169)	-	-	-	(2,903,169)
Total comprehensive income, net of tax		-	(2,903,169)	-	-	411,531,104	408,627,935
Transactions with owners recorded directly in equity							
Dividends paid	35	-	-	-	(185,000,000)	-	(185,000,000)
Interim dividends paid	35	-	-	-	-	(125,000,000)	(125,000,000)
Transfer from statutory credit risk reserve	28	-	-	-	-	-	-
Proposed dividends	35	-	-	-	155,000,000	(155,000,000)	-
Balance at 31 December 2023		51,188,670	7,225,959	-	155,000,000	1,667,988,365	1,881,402,994

The notes set out on pages 18 to 113 form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of changes in equity For the year ended 31 December 2024

COMPANY	Notes	Share capital UShs' 000	Fair value through OCI reserve UShs' 000	Proposed dividends UShs' 000	Retained earnings UShs' 000	Total UShs' 000
Balance at 1 January 2024		51,188,670	-	155,000,000	729,978,585	936,167,255
Profit for the year		-	-	-	509,001,862	509,001,862
Other comprehensive income for the year, net of tax		-	-	-	-	-
Total comprehensive income for the year, net of tax		-	-	-	509,001,862	509,001,862
Transactions with owners recorded directly in equity						
Dividends paid	35	-	-	(155,000,000)	-	(155,000,000)
Interim dividends paid	35	-	-	-	(140,000,000)	(140,000,000)
roposed dividends	35	-	-	160,000,000	(160,000,000)	-
Balance at 31 December 2024		51,188,670	-	160,000,000	938,980,447	1,150,169,117

COMPANY	Notes	Share capital UShs' 000	Fair value through OCI reserve UShs' 000	Proposed dividends UShs' 000	Retained earnings UShs' 000	Total UShs' 000
Balance at 1 January 2023		51,188,670	-	185,000,000	697,414,443	933,603,113
Profit for the year		-	-	-	312,564,142	312,564,142
Other comprehensive income for the year, net of tax		-	-	-	-	-
Total comprehensive income for the year, net of tax		-	-	-	312,564,142	312,564,142
Transactions with owners recorded directly in equity						
Dividends paid	35	-	-	(185,000,000)	-	(185,000,000)
Interim dividends paid	35	-	-	-	(125,000,000)	(125,000,000)
Proposed dividends	35	-	-	155,000,000	(155,000,000)	-
Balance at 31 December 2023		51,188,670	-	155,000,000	729,978,585	936,167,255

The notes set out on pages 18 to 113 form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of cash flows
For the year ended 31 December 2024

		GROUP		COMPANY	
	Notes	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Cash flows from operating activities					
Interest received		**860,936,697**	793,044,452	**6,614,176**	1,567,139
Interest paid		**(85,558,964)**	(79,799,780)	**(666,407)**	212,211
Net fees and commissions received		**217,133,023**	201,479,336	**520,000,000**	320,000,000
Net trading and other Income/recoveries		**348,931,734**	326,216,554	**-**	-
Cash payment to employees and suppliers		**(529,118,159)**	(553,361,238)	**(12,026,251)**	(12,170,582)
Cash flows from operating activities before changes in operating assets and Liabilities		**812,324,331**	687,579,324	**513,921,518**	309,608,768
Changes in operating assets and liabilities					
Income tax (paid)/refund	**14**	**(188,577,225)**	(130,359,298)	**(371,751)**	5,744,292
(Increase)/decrease in derivative assets		**(609,872)**	12,116,446	**-**	-
(Increase)/decrease in financial investments		**(184,058,047)**	492,479,618	**(2,153,369)**	(10,014,744)
Decrease/(increase) in trading assets		**368,449,114**	(189,699,874)	**-**	-
Increase in cash reserve requirement	**37**	**(92,990,000)**	(14,480,000)	**-**	-
Increase in loans and advances to customers and banks		**(211,047,865)**	(242,358,649)	**-**	-
Increase in other assets		**(249,003,114)**	78,046,542	**(6,332)**	8,992
Increase in customer deposits		**776,819,185**	207,513,391	**-**	-
Increase/(decrease) in deposits due to other banks		**171,244,803**	(45,239,781)	**-**	-
(Decrease)/increase in amounts to group companies		**(13,176,451)**	23,513,423	**(877,544)**	502,350
Decrease in derivative liabilities		**(2,269,838)**	(13,922,857)	**-**	-
Increase in other liabilities		**(78,060,280)**	8,062,562	**6,910,833**	7,083,342
Net cash from operating activities		**1,109,044,741**	873,250,847	**517,423,355**	312,933,000
Cash flows related to investing activities					
Purchase of property and equipment		**(21,155,741)**	(26,457,650)	**(213,361)**	(225,754)
Purchase of computer software	**24**	**(5,662,003)**	(598,448)	**-**	-
Proceeds from sale of property and equipment		**181,857**	485,373	**-**	-
Net cash used in investing activities		**(26,635,887)**	(26,570,725)	**(213,361)**	(225,754)
Cash flows from financing activities					
Principal lease payments	**33**	**(20,156,479)**	(16,286,876)	**(1,028,089)**	351,689
Dividends paid to shareholders	**35**	**(295,000,000)**	(310,000,000)	**(295,000,000)**	(310,000,000)
Investment in subsidiaries	**40**	**-**	-	**(1,000,000)**	(6,623,000)
Increase/(decrease) in borrowed funds	**32**	**45,255,238**	(20,697,388)	**-**	-
(Decrease)/increase in subordinated debt		**(2,250,394)**	2,088,627	**-**	-
Net cash used financing activities		**(272,151,635)**	(344,895,637)	**(297,028,089)**	(316,974,689)
Net increase/(decrease) in cash and cash equivalents		**810,257,219**	501,784,485	**220,181,905**	(4,267,443)
Cash and cash equivalents at beginning of the year		**1,586,221,686**	1,084,437,201	**25,356,747**	29,624,190
Cash and cash equivalents at end of the year	**37**	**2,396,478,905**	1,586,221,686	**245,538,652**	25,356,747

The notes set out on pages 18 to 113 form an integral part of these consolidated and separate financial statements.

Notes to the consolidated and separate financial statements

1. General information

Stanbic Uganda Holdings Limited (the "Company") is a limited liability company, incorporated and domiciled in Uganda. The address of its registered office is Plot 17 Hannington Road 11th floor Short Tower - Crested Towers, P. O. Box 7395, Kampala, Uganda.

The Company's shares are listed on the Uganda Securities Exchange (USE) and the Company has five subsidiaries which are: Stanbic Bank Uganda Limited, FLYHUB Uganda Limited, Stanbic Properties Limited, Stanbic Business Incubator Limited and SBG Securities Uganda Limited.

For purposes of reporting under the Companies Act of Uganda, the balance sheet is represented by the statement of financial position and the profit or loss account is represented by the income statement in these financial statements.

2. Accounting policy elections

(i) Summary of material accounting policies

The principal accounting policies applied in the preparation of the group and company's financial statements are set out below. These policies have been consistently applied to all years presented for both group and company, unless otherwise stated.

2.1 Basis of preparation

The annual financial statements are prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (''IFRS'') and in the manner required by the Companies Act of Uganda. The financial statements are presented in the functional currency, Uganda Shillings (UShs), rounded to the nearest thousand (UShs'000), and prepared under the historical cost convention except where otherwise stated below:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The following principal accounting policy elections in terms of IFRS have been made, with reference to the indicated material accounting policies:

- Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected (Note 2.3).
- Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 2.3.
- Purchases and sales of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned are recognised and derecognised using trade date accounting (accounting policy 2.4a).
- Intangible assets, property, equipment and right-of-use assets are accounted for at cost less accumulated amortisation/depreciation and impairment (accounting policy 2.4d).
- The portfolio exception is applied to measure the fair value of certain groups of financial assets and financial liabilities on a net basis (accounting policy 2.4b).

2.2 Changes in accounting policies

The accounting applied policies are consistent with those of the prior year. The new and amended standards and interpretations which were effective during the year did not have a significant impact on the Group's financial statements and the Group did not early adopt any new and amended standards and interpretations issued but not yet effective during the current reporting period.

New and amended standards and interpretations effective during the reporting period

IAS 1 Presentation of Financial Statements (amendments) clarified how to classify debt and other liabilities as current or non-current and introduced a requirement to classify debt as non-current only if an entity can avoid settling the debt in the 12 months after the reporting period. The amendments specified that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements. The amendments had no material impact on the consolidated and separate financial statements.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (amendments) added requirements for an entity to provide additional disclosures about its supplier finance arrangements. The new requirements provide users of financial statements with information to assess how supplier finance arrangements affect an entity's liabilities, cash flows, the effect thereof on its exposure to liquidity risk and how an entity might be affected if the arrangements were no longer available to it. The amendments were retrospectively applied and had no material impact on the consolidated and separate financial statements.

IFRS 16 Leases (IFRS 16) (narrow scope amendments) added requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. The amendments added to the existing sale and leaseback requirements in IFRS 16 and did not change the accounting for leases, other than those arising in a sale and leaseback transaction. The amendments were retrospectively applied and had no material impact on the consolidated and separate financial statements.

New and amended standards and interpretations not yet effective

The following new and amendment pronouncements are not yet effective for the current year and have not been applied in preparing these annual consolidated and separate financial statements.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)

Effective date: deferred the effective date for these amendments indefinitely.

The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the consolidated and separate financial statements.

IAS 21 Exchange Rates (amendments)

Effective date: 1 January 2025

The International Accounting Standards Board (IASB) issued 'Lack of Exchangeability' to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. These amendments will assist companies and investors by addressing a matter not previously covered in the accounting requirements for the effects of changes in foreign exchange rates. The amendments will be applied retrospectively. The impact on the annual financial statements is currently being assessed but is not expected to have a material impact on the Group's consolidated and separate financial statements.

IFRS 9 Financial Instruments (IFRS 9) and IFRS 7 Financial Instruments: Disclosure (amendments)

Effective date: 1 January 2026

The IASB issued amendments to the classification and measurement requirements of financial instruments in response to feedback received as part of the post implementation review of IFRS 9. The amendments include a new requirement to permit an entity to deem a financial liability that is settled using an electronic payment system to be discharged before the settlement date if specified criteria are met; and provide clarifications regarding assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features, financial assets with non-recourse features and investments in contractually linked instruments. The IASB also amended the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs. The amendments will be applied prospectively.

In December 2024, the IASB issued Contracts Referencing Nature-dependent Electricity. The amendments include clarifying the application of the 'own use' requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on a Company's financial performance and cash flows. The clarifications regarding the 'own use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application.

The impact of the above amendments is currently being assessed but is not expected to have a material impact on the consolidated and separate financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

Effective date: 1 January 2026

The IASB has issued various amendments and clarifications to existing IFRS, none of which is expected to have a material impact on the consolidated and separate financial statements.

IFRS 18 Presentation and Disclosures in Financial Statements (IFRS 18)

Effective date: 1 January 2027

In April 2024, the IASB issued a new IFRS Accounting Standard to improve reporting of financial performance by requiring defined subtotals in the statement of profit or loss, requiring disclosure about management-defined performance measures, and adding new principles for aggregation and disaggregation of information. IFRS 18 replaces IAS 1 Presentation of Financial Statements. IFRS 18 is effective from 1 January 2027 with earlier application permitted. IFRS 18 will be retrospectively applied. The Group is in the planning phase of determining the impact on the consolidated and separate financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosure (IFRS 19)

Effective date: 1 January 2027

In May 2024, the IASB issued IFRS 19 that permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. When a parent company prepares consolidated financial statements that comply with IFRS Accounting Standards, its subsidiaries are required to report to the parent using IFRS Accounting Standards. However, for their own financial statements, subsidiaries are permitted to use IFRS Accounting Standards, the IFRS for SMEs Accounting Standard or national accounting standards. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability, and their parent company applies IFRS Accounting Standards in their consolidated financial statements. A subsidiary does not have public accountability if it does not have equities or debt listed on a stock exchange and does not hold assets in a fiduciary capacity for a broad group of outsiders. The Group is in the planning phase of determining the impact on the financial statements of its subsidiaries which do not have public accountability.

2.3 Key management judgements and assumptions

In preparing the financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. While models have been enhanced, no material changes to assumptions have occurred during current or prior reporting periods apart from those mentioned below. The following represents the most material key management assumptions applied in preparing these financial statements.

Expected credit losses (ECL)

During the current reporting period, models for measurement of ECL have been enhanced but no material changes to assumptions have occurred. As such the below significant increase in credit risk (SICR) and default assumptions, thresholds and/or triggers were not amended.

ECL on financial assets – drivers

For the purpose of determining the ECL:

- The home services, vehicle and asset finance (VAF), card, personal, business lending and other products portfolios are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio. The impairment provision calculation excludes post-write off recoveries (PWOR) from the loss given default (LGD). These LGD parameters are aligned to market practice.
- Corporate, sovereign and bank exposures are calculated separately based on rating models for each of the asset classes.

ECL measurement period

- The ECL measurement period for stage 1 exposures is 12 months (or the remaining tenor of the financial asset relating to corporate, sovereign and bank exposures, including certain home services, VAF, card, personal, business lending and other product exposures, if the remaining lifetime is less than 12 months).
- A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument or financial asset has increased significantly since initial recognition (stage 2).
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- Lifetime includes consideration for multiple default events, i.e., where defaulted exposures cure and then subsequently re-default. Financial assets must be assessed for significant increase in credit risk (SICR) compared to when the loan was first originated, prior to the loan reaching 30 days past due arrear status. This consideration increases the lifetime and potential ECL.
- The measurement period for unutilised loan commitments utilises the same approach as on-balance sheet exposures.

Significant increase in credit risk and low credit risk (SICR)

Home services, vehicle and asset finance, card, personal, business and other lending products

All exposures are assessed to determine whether there has been SICR at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. SICR thresholds, which are behaviour score based, are derived for each portfolio vintage of exposures with similar credit risk and are calibrated over time to determine which exposures reflect deterioration relative to the originated population and consequently reflect an increase in credit risk.

Behaviour scorecards are based on a combination of factors which include the information relating to customers, transactions and delinquency behaviour (including the backstop when contractual payments are more than 30 days past due) to provide a quantitative assessment (score), and more specifically, a ranking of customer creditworthiness. The creditworthiness of a customer is summarised by a score, with high scores corresponding to low-risk customers, and conversely, low scores corresponding to high-risk customers. These scores are often considered in determining the probability of default (PD) including relative changes in PD. Credit risk has increased since initial recognition when these criteria are met.

The Group applied the 30-day period for identifying the significant increase in credit risk, except for corporate customers and Business Banking customers above USD 2 million in exposure. In addition, the Group applies override to the 30-day rule presumed higher for significant increase in credit risk on the personal banking government portfolio based on the fact that arrears position at a point in time are only technical in nature and not a reflection of actual account performance.

The Group determines the SICR threshold by utilising an appropriate transfer rate of exposures that are less than 30 days past due (DPD) to stage 2. This transfer rate is such that the proportion of the 0-29 DPD book transferred into stage 2 is no less than the observed 12-month roll rate of 0-29 days accounts into 30 or more days in arrears. The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage and to consequently facilitate appropriate impairment coverage.

Where behaviour scores are not available, historical levels of delinquency are applied in determining whether there has been SICR. For all exposures, the rebuttable presumption of 30 days past due as well as exposures classified as either debt review or as 'watch-list' are used to classify exposures within stage 2.

Corporate, sovereign and bank lending products (including certain business banking exposures)

The Group uses a 25-point master rating scale to quantify the credit risk for each exposure. On origination, each client is assigned a credit risk grade within the group's 25-point master rating scale. Ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data for the applicable portfolio. These credit ratings are evaluated at least annually or more frequently as appropriate.

Corporate exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre- defined ratings' migration thresholds or, when a contractual payment becomes more than 30 days overdue (IFRS 9's rebuttable presumption), the exposure is classified within stage 2. These pre-defined ratings' migration thresholds have been determined based on historic default experience which indicate that higher rated risk exposures are more sensitive to SICR than lower risk exposures. Based on an analysis of historic default experience, exposures that are classified by the Group's master rating scale as investment grade are assessed for SICR at each reporting date but are considered to be of a low credit risk. To determine whether a client's credit risk has increased significantly since origination, the Group determines the extent of the change in credit risk using the table below.

Group Master rating scale band	SICR trigger (from origination)
SB 1 - 12	Low credit risk
SB 13 - 20	Change of 3 rating or more
SB 21 - 25	Change of 1 rating or more

Incorporation of forward-looking information (FLI) in ECL measurement

The Group determines the macroeconomic outlook, over a planning horizon of at least three years, based on the Group's global outlook and its global view of commodities.

For home services, VAF, card, personal, business lending and other products these forward-looking economic expectations are included in the ECL where adjustments are made based on the Group's macro- economic outlook, using models that correlate these parameters with macro-economic variables. Where modelled correlations are not viable or predictive, adjustments are based on expert judgement to predict the outcomes based on the Group's macro- economic outlook expectations. In addition to forward-looking macroeconomic information, other types of FLI such as specific event risk, have been taken into account in ECL estimates when required, through the application of out-of-model adjustment. These out-of-model adjustments are subject to Group credit governance committee oversight.

The Group's macroeconomic outlooks are incorporated in corporate, sovereign and bank products' clients rating and include specific forward-looking economic considerations for the individual client. The client rating thus reflects the expected client risk for the Group's expectation of future economic and business conditions. Further adjustments, based on point-in-time market data, are made to the PDs assigned to each risk grade to produce PDs and ECL representative of existing market conditions.

Default

The definition of default, which triggers the credit impaired classification (stage 3), is based on the Group's internal credit risk management approach and definitions. While the specific determination of default varies according to the nature of the product, it is compliant to the IFRS definition of default, and generally determined as occurring at the earlier of:

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security, this includes the classification of distressed restructures (including debt review exposure accounts) as default for a minimum of 6 months, while observing payment behaviour; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Group has not rebutted the 90 days past due rebuttable presumption.

Write-off policy

An impaired loan is written off once all reasonable attempts at collection have been made and there is no material economic benefit expected from attempting to recover the balance outstanding (i.e., no reasonable expectation of recovery). This assessment considers both qualitative and quantitative information, such as past performance, behaviour and recoveries.

The Group assesses whether there is a reasonable expectation of recovery at an exposure level. As such once the following criteria are met at an exposure level, the exposure is written off:

- the financial asset has been in default for the period defined for the specific product (i.e., vehicle and asset finance, home services, etc.) which is deemed sufficient to determine whether the Group is able to receive any further economic benefit from the impaired loan. The period defined for unsecured home services, VAF, card, personal, business lending and other products are determined with reference to post-default payment behaviour such as cumulative delinquency, as well as an analysis of post write-off recoveries. Factors that are within the Group's control are assessed and considered in the determination of the period defined for each product. The post-default payment period is generally once the rehabilitation probability (repayment of arrear instalments) is considered low to zero, and the period between 180 to 360 days in arrears and at the point of write-off, the financial asset is fully impaired (i.e., 100% ECL allowance) with no reasonable expectation of recovery of the asset, or a portion thereof.

As an exception to the above requirements:

- where the exposure is secured (or for collateralised structures), the impaired exposure can only be written off once the collateral has been realised. Post- realisation of the collateral, the shortfall amount can be written off if it meets the requirement listed above.
- For corporate, sovereign and bank products, write-off are assessed on a case-by-case basis and approved by the CIB credit governance committee based on the individual facts and circumstances.

For unsecured exposures, post write-off collection and enforcement activities include outsourcing to external debt collection agents as well as, collection/settlement arrangements to assist clients to settle their outstanding debt. The Group continuously monitors and reviews when exposures are written off, the levels of post write-off recoveries as well as the key factors influencing post write-off recoveries, which ensure that the Group's point of write-off remains appropriate and that post write-off recoveries are within expectable levels over time.

As per the BOU guidelines, a financial asset will be written-off 90 days after being identified as loss.

Curing

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e., stage 3) still exist. Distressed restructured financial assets (including debt review exposures) that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e., an average of six full consecutive monthly payments per the terms and conditions). In addition, distressed restructured financial assets that no longer qualify as credit impaired remain under observation within stage 3 for a minimum of 12 months to comply with FIA.

In the case of financial assets with quarterly or longer dated repayment terms, the classification of a financial asset out of stage 3 may be made subsequent to an evaluation by the Group's corporate and investment banking or home services, VAF, card, personal, business lending and other products credit governance committees (as appropriate), such evaluation will take into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and with existing financial asset terms and conditions.

Where it has been determined that a financial asset no longer meets the criteria for significant increase in credit risk, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively.

Stanbic Uganda Holdings Limited forward-looking economic expectations applied in the determination of the ECL at the reporting date

A range of base, bullish and bearish forward-looking economic expectations are determined at year-end for inclusion in the Group's forward-looking process and ECL calculation.

Ugandan economic expectations

The base case, which is the most likely scenario, is assigned a 50% probability. In this scenario, Uganda's economy is projected to grow at 6.2 in FY2024/25 with the potential to surpass 6.4-7.0 in the following years driven primarily by the burgeoning oil sector. However, the fiscal outlook faces challenges as the deficit for FY2023/24 is slightly higher than plan due to underperformance in revenue collection. This fiscal gap is anticipated to widen further to 5.8 in FY2024/25 mainly due to increased interest payments on domestic debt. Despite these fiscal pressures, Uganda's public debt remains sustainable with a moderate risk of debt distress. Debt as a share of GDP is expected to stabilize around 50 over the medium term and key external debt indicators are expected to stay within safe limits. While the fiscal situation remains under scrutiny, the potential for improved credit ratings exists provided debt management is effectively handled and external financing challenges are addressed. The current account deficit is projected to remain elevated in the short term largely due to high import bills and ongoing oil project-related expenditures. However, this deficit is expected to gradually narrow once oil exports commence likely after FY2025/26 offering a potential boost to the country's external balance. Despite this, access to external funding is expected to remain constrained as Uganda faces challenges in securing multilateral support due to unmet targets under the IMF's Extended Credit Facility. As of November 2024, Uganda's foreign exchange reserves stood at approximately USD 3.4 billion equivalent to 3.1 months of import cover a decline from USD 3.81 billion 3.6 months in the same period of 2023. This decline in reserves highlights the increasing pressures on Uganda's external financing. The UShs has shown relative stability appreciating slightly against the USD driven by increased export revenues from commodities like coffee and is expected to maintain this trend unless external shocks disrupt the market. Inflation which is currently low at 3.0 is anticipated to rise gradually driven by weather-related shocks including a La Nina-induced drought. BOU's cautious approach to monetary policy is likely to result in a stable Central Bank Rate (CBR) of about 9.75. However, with inflation remaining manageable there may be room for rate cuts in increments of 50 bps. On the credit side, Uganda is witnessing a pickup in credit growth fuelled by improved economic activity and the availability of loanable funds which is a positive sign for the economy. The current cash reserve requirement remains stable supporting liquidity in the banking sector. The NPL ratio is expected to remain manageable with current NPLs at around 5.4.

In the bear case scenario, which shows the pessimistic view and is assigned a 35% probability, geopolitical tensions and adverse climate conditions could hinder growth resulting in GDP growth falling below 6.0. A widening fiscal deficit due to higher than expected spending and lower revenues could push the deficit above 5 of GDP. Rising debt levels combined with external pressures could increase the risk of debt distress particularly If growth slows. Continued under performance in fiscal and economic targets could lead to a negative outlook or downgrade in credit ratings. A persistent current account deficit could exacerbate external vulnerabilities especially if oil production is delayed. Constraints in securing external funding may persist if fiscal issues remain unresolved leading to funding gaps. A decline in reserves due to higher external debt service and low capital inflows could lead to vulnerabilities. Exchange rate pressures could intensify leading to a depreciation of the UShs against the USD. Inflation could rise sharply due to external shocks necessitating tighter monetary policy which could constrain growth. Credit growth could stall if Groups become risk averse due to rising interest rates and economic uncertainty. An increase in reserve requirements may be enforced to manage liquidity risks further constraining credit availability. Rising NPLs could become a concern if economic conditions deteriorate and borrowers' default on loans.

The bull case shows an optimistic trend and is assigned a 15% probability. In this scenario, if oil production begins as scheduled with large spill over impact and global economic conditions improve than assumed under the base case, Uganda's GDP growth could accelerate to 7.0 or higher driven by increased investment in the extractive sector and higher agricultural productivity. With improved revenue collection and more efficient spending, the fiscal deficit could fall below 4 of GDP paving the way for more sustainable fiscal policies. Stronger economic growth and enhanced revenue generation would support better debt sustainability potentially lowering the debt-to-GDP ratio below current projections. This positive fiscal momentum coupled with robust economic performance could lead to an upgrade in Uganda's credit rating boosting investor confidence. A sharp increase in oil exports could bring about a surplus in the current account strengthening the overall balance of payments position. Successful negotiations with the IMF and other international partners could unlock additional external funding par. Higher export revenues would also significantly bolster Uganda's foreign exchange reserves improving import cover to levels above 3.5 months. A stronger economy could support a more resilient UShs against the USD enhancing Uganda's competitiveness. Inflation would likely remain subdued providing room for further reductions in the CBR which would in turn stimulate economic activity. With improved business confidence and higher investment levels, credit growth especially in the private sector, could become more robust. To support lending, the cash reserve requirement (CRR) may be adjusted downward if liquidity conditions remain favourable. Additionally, as economic conditions improve, non-performing loans NPLs could decline stabilizing loan performance and reducing financial sector stress.

Main macroeconomic factors

The following table shows the main macroeconomic factors used to estimate the forward-looking impact on the ECL provision on financial assets. Each scenario, namely base, bear and bull, is presented for each identified time period.

	Base scenario Next 12 months	Base scenario Remaining forecast period	Bearish scenario Next 12 months	Bearish scenario Remaining forecast period	Bullish scenario Next 12 months	Bullish scenario Remaining forecast period
2024						
Uganda						
Inflation (%)	**3.8**	**3.2**	**5.3**	**4.8**	**1.9**	**1.9**
Real GDP1 (%)	**6.2**	**6.6**	**3.4**	**4.6**	**8.0**	**8.7**
Policy Rate (%)	**9.5**	**9.9**	**10.0**	**10.4**	**9.0**	**9.4**
91-Day T-Bill (%)	**10.3**	**10.9**	**13.7**	**15.2**	**8.9**	**7.9**
Exchange rate USD/UGX	**3,689**	**3,790**	**3,780**	**4,177**	**3,631**	**3,631**
Prime lending rate (%)	**19.3**	**19.3**	**20.8**	**20.8**	**17.0**	**17.0**
2023						
Uganda						
Inflation (%)	2.9	2.8	3.9	4.2	1.9	1.5
Real GDP1 (%)	6.4	7.1	5.1	5.7	8.5	8.3
Policy Rate (%)	9.1	7.4	9.5	8.0	8.3	6.8
91-Day T-Bill (%)	7.8	7.4	10.4	11.2	6.7	5.0
Exchange rate USD/UGX	3,796	3,902	3,852	4,096	3,684	3,645
Prime lending rate (%)	17.0	15.5	19.0	18.5	17.0	17.0

1 Gross domestic product
2 The remaining forecast period is 2026 to 2027
3 Next 12 months following 31 December 2024 is 1 January 2025 to 31 December 2025
4 2024 - The scenario weighted average is: Base at 50%, Bear at 35%, Bull at 15%
5 2023 - The scenario weighted average is: Base at 50%, Bear at 35%, Bull at 15%

Sensitivity analysis of the forward-looking impact on the total ECL provision on all financial instruments relating to corporate, sovereign and bank products

The expected credit loss methodology for corporate, sovereign and bank products is based primarily on client specific risk metrics, as such the forward-looking macroeconomic information is one of the components and/or driver of the total reported expected credit loss. Rating reviews of each client are performed at least annually and entails credit analysts completing a credit scorecard and incorporating forward-looking information at a client level. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting expected credit loss for the individual client.

Therefore, the impact of forward-looking economic conditions is embedded into the total expected credit loss for each client and cannot be stressed or separated out of the overall expected credit loss provision.

Sensitivity analysis of the forward-looking impact on the total ECL provision

During 2024, higher forward-looking ECL provisioning was raised due to significant uncertainty on the impact linked to macro-economic outlook and the forecast underlying the bear macro-economic scenarios.

The following table shows a comparison of the forward-looking impact on the provision as at 31 December 2024, based on the probability weightings of the above three scenarios resulting from recalculating each of the scenarios using a 100% weighting of the above scenarios.

Allowances for credit losses	2024 Forward looking component of ECL provision UShs' 000	2024 Income statement (release)/charge UShs' 000	2023 Forward looking component of ECL provision UShs' 000	2023 Income statement (release)/charge UShs' 000
Actual excluding overlays	**3,729,691**	**1,682,685**	2,047,006	(3,272,140)
Scenarios				
100% Base	**24,109,560**	**22,062,554**	1,668,400	(3,650,747)
100% Bear	**24,121,992**	**22,074,986**	3,293,456	(2,025,691)
100% Bull	**24,109,560**	**22,062,554**	579,294	(4,739,853)

Refer to Note 21 for the carrying amounts of the loans and advances to customers and Note 3(c) for more disclosures in relation to the Group's credit risk.

BCB and PPB IFRS 9 Impairment Model Overlays:

The portfolio model

The Group applies an enhanced SICR rule that includes downgrading customers that are identified to have relatively lower turnovers. These transfers are done in addition to the other SICR components of historical delinquency and any qualitative factors. As at 31 December 2024, total transfers resulted in additional provisions of UShs 6.1 billion (2023: UShs nil). Expert judgement is used on products that do not have sufficient historical data to model the loss given default (LGD). Underlying assumptions to these overlays are discussed and approved by the Credit Risk Management Committee.

The corporate model

Counterparty specific review of the population was undertaken to determine counterparties with indicators of elevated risk. To these counterparties, we applied downgrades, thus the linked Probability of Default (PD) and higher impairments for any counterparties with elevated risk. The overlay was applied to identified increased credit risk leading to transfer of accounts from Stage 1 to Stage 2. The overlay proactively resulted into transfer of counterparties to Stage 2 on account of additional stress. The provisions are therefore accounted for under this stage 2 resulting into additional provisions of UShs 7.4 billion (2023: UShs 2.3 billion). This amount is derived by comparing the total ECL position after including these transfers and the total ECL position without these transfers.

The forward-looking model

The forward-looking model is based on statistical measurements to determine the impact of macro-economic factors on the loan portfolio and as a result a forward-looking impairment is calculated. The statistical model build-up and application was based on macro-economic forecasts, base ECL model drivers and scalar starting points. Scalars were calculated from August 2023 as a base refence and then 3-years forecast. This was done in line with the updated drivers to the August 2024 runs.

As at 31 December 2024, the forward-looking result based on the statistical model was a release of UShs 3.72 billion. However, an override of UShs 14.8 billion was recommended given the anticipated volatility of both the model output, industry and sector specific emerging risk and macro-economic outlook. This will be reviewed in the next model driver update in 2025.

Approach to stage 3 impairment

Overlays are applied on inputs to the provisions of loans under stage 3 counterparties in terms of the timing of the cash flows expected to be realised from the recovery and rehabilitation.

Fair value

Financial instruments

In terms of IFRS, the Group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value, being the price that would be received to sell an asset or paid to transfer a liability, respectively, in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities. Fair value is a market- based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value, it is presumed that the Group is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. Information obtained from the valuation of financial instruments is used to assess the performance of the Group and, in particular, provides assurance that the risk and return measures that the Group has taken are accurate and complete.

Fair valuation process

The Group's valuation control framework governs internal control standards, methodologies and procedures over its valuation processes, which include:

Prices quoted in an active market: The existence of quoted prices in an active market represents the best evidence of fair value. Where such prices exist, they are used in determining the fair value of financial assets and financial liabilities.

Valuation techniques: Where quoted market prices are unavailable, the Group establishes fair value using valuation techniques that incorporate observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices, for such assets and liabilities. Parameter inputs are obtained directly from the market, consensus pricing services or recent transactions in active markets, whenever possible. Where such inputs are not available, the Group makes use of theoretical inputs in establishing fair value (unobservable inputs). Such inputs are based on other relevant input sources of information and incorporate assumptions that include prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustments to reflect the terms of the actual instrument being valued and current market conditions.

Changes in these assumptions may affect the reported fair values of these financial instruments. Valuation techniques used for financial instruments include the use of financial models that are populated using market parameters that are corroborated by reference to independent market data, where possible, or alternative sources, such as, third-party quotes, recent transaction prices or suitable proxies. The fair value of certain financial instruments is determined using industry standard models such as, discounted cash flow analysis and standard option pricing models. These models are generally used to estimate future cash flows and discount these back to the valuation date. For complex or unique instruments, more sophisticated modelling techniques may be required, which require assumptions or more complex parameters such as correlations, prepayment spreads, default rates and loss severity.

Valuation adjustments: Valuation adjustments are an integral part of the valuation process. Adjustments include, but are not limited to:

- implied volatilities on thinly traded instruments
- correlation between risk factors

In making appropriate valuation adjustments, the Group applies methodologies that consider factors such as bid-offer spreads, liquidity, counterparty, and own credit risk. Exposure to such illiquid risk drivers is typically managed by:

- using bid-offer spreads that are due to the relatively low liquidity of the underlying risk driver.
- raising day one profit or loss provisions in accordance with IFRS
- quantifying and reporting the sensitivity to each risk driver
- limiting exposure to such risk drivers and analysing exposure on a regular basis.

Validation and control: All financial instruments carried at fair value, regardless of classification, and for which there are no quoted market prices for that instrument, are fair valued using models that conform to international best practice and established financial theory. These models are validated independently by the Group's model validation unit. This control applies to both off-the-shelf models, as well as those developed internally by the Group. Further, all inputs into the valuation models are subject to independent price validation procedures carried out by the Group's market risk unit. Such price validation is performed on at least a monthly basis, but daily where possible given the availability of the underlying price inputs. Valuation comparisons are also performed, and any significant variances noted are appropriately investigated.

Portfolio exception: The Group, has on meeting certain qualifying criteria, elected the portfolio exception which allows an entity to measure the fair value of certain groups of financial liabilities on a net basis similar to how market participants would price the net risk exposure at the measurement date..

Refer to note 3 (h) for assets and liabilities at fair value disclosures.

Computer software intangible assets

The Group reviews its assets under construction and assets brought into use for impairment at each reporting date and tests the carrying value for impairment whenever events or changes in circumstances indicate that the carrying amount (or components of the carrying amount) may not be recoverable. These circumstances include, but are not limited to, new technological developments, obsolescence, changes in the manner in which the software is used or is expected to be used, changes in discount rates, significant changes in macroeconomic circumstances or changes in estimates of related future cash benefits. The impairment tests are performed by comparing an asset's recoverable amount to its carrying amount. The review and testing of assets for impairment inherently requires significant management judgement as it requires management to derive the estimates of the identified assets' future cash flows in order to derive the asset's recoverable amount.

As at 31 December 2024, there were no indicators that the Group's computer software assets' recoverable values could be lowers than their carrying values and therefore the assets were not impaired (2023: No impairment indicators).

Refer to note 24 for goodwill and intangibles disclosures.

Current and deferred income tax

The Group is subject to direct and indirect taxation requirements which are determined with reference to transactions and calculations for which the ultimate tax determination has an element of uncertainty in the ordinary course of business. The Group recognises provisions for tax based on objective estimates of the amount of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax positions and related contingencies, disclosed in note 14, note 21 and note 35, respectively, in the period in which such determination is made. Uncertain tax positions are provided for in accordance with the criteria defined within IAS 12 Income Taxes (IAS 12) and IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23).

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the Group in order to utilise the deferred tax assets.

The Group is subject to direct and indirect taxation requirements which are determined with reference to transactions and calculations for which the ultimate tax determination has an element of uncertainty in the ordinary course of business. The Group recognises provisions for tax based on reasonable judgement of the amount of taxes that may be due.

Refer to Note 14, Note 22 and Note 36 for disclosures on current tax, deferred tax and related contingent liabilities.

Provisions

The principal assumptions taken into account in determining the value at which provisions are recorded, include determining whether there is an obligation, as well as assumptions about the probability of the outflow of resources and the estimate of the amount and timing for the settlement of the obligation. For legal provisions, management assesses the probability of the outflow of resources by taking into account historical data and the status of the claim in consultation with the Group's legal counsel.

In determining the amount and timing of the obligation once it has been assessed to exist, management exercises its judgement by taking into account all available information, including that arising after the reporting date up to the date of the approval of the financial results.

Refer to note 36 for disclosures on off- balance sheet financial instruments, contingent liabilities and commitments, Note 33 for other liabilities, and Notes 33.4 and 33.5 for obligations and provisions.

IFRS 16 leases

Determination of lease term for lease contracts with the renewal and termination options

The Group leases various buildings for offices, branches and ATMs. Rental contracts are typically made for fixed average periods of between three to ten years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Estimation of the incremental borrowing rate for a leases

The interest rate implicit in the lease is defined as the rate of interest that causes the present value of:

(a) the lease payments and

(b) the unguaranteed residual value to equal:

2.4 Material accounting policy information

The principal accounting policies applied in the preparation of the Group's financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of consolidation

Subsidiaries

Separate financial statements

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired to the higher of the investment's fair value less costs to sell or value in use.

Consolidated financial statements.

The accounting policies of subsidiaries that are consolidated by the Group conform to the Group's accounting policies. Intragroup transactions, balances, and unrealised gains/(losses) are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. The proportion of comprehensive income and changes in equity allocated to the group and non-controlling interest are determined on the basis of the group's present ownership interest in the subsidiary. Subsidiaries are consolidated from the date on which the Group obtains control up to the date that control is lost. Control is assessed on a continuous basis. The acquisition method of accounting is used to account for business combinations by the Group.

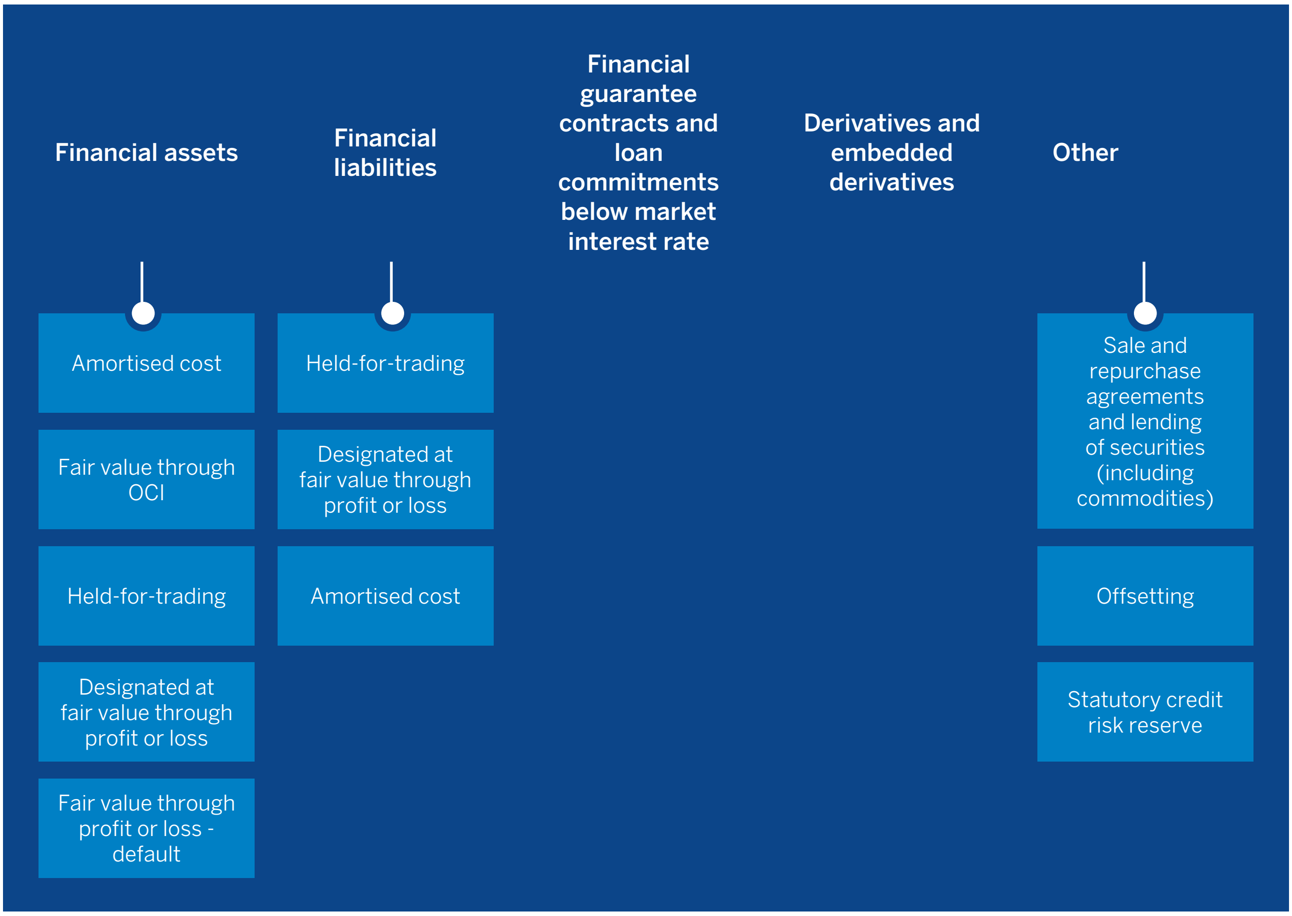
Changes in ownership interests

When the group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss.

Common control transactions

Common control transactions, in which the company is the ultimate parent entity both before and after the transaction, are accounted for at book value

(b) Financial instruments



Initial measurement

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss for which such transaction costs and fees are immediately recognized in profit or loss. Financial instruments are recognized (derecognized) on the date the Group commits to purchase (sell) the instruments (trade date accounting).

Financial assets

Nature

Amortised cost	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered the minimal and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.
Fair value through OCI	Includes: A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • Held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered the minimal and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default. Equity financial assets which are not held-for-trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.
Held-for-trading	Those financial assets acquired principally for the purpose of selling in the near term (Including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial assets are designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch that would otherwise arise.
Fair value through profit or loss – default	Financial assets that are not classified into one of the above mentioned financial asset categories.

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortized cost or fair value as follows:

Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Fair value through OCI	**Debt instrument:** Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Expected credit impairments losses are recognised as part of credit impairment charges. However, for these FVOCI debt instruments the expected credit loss is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss.. **Equity instrument:** Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained earnings. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.
Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on the financial asset recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Fair value through profit or loss – default	**Debt instruments**: Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue. **Equity instruments:** Fair value gains and losses on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.

Impairment

ECL is recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are not measured at fair value through profit or loss nor are used to provide loans at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a SICR at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability- weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3 (credit impaired assets)	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: • default • significant financial difficulty of borrower and/or modification • probability of bankruptcy or financial reorganisation • disappearance of an active market due to financial difficulties.

The key components of the impairment methodology are described as follows:

Significant increase in credit risk (SICR)	At each reporting date the Group assesses whether the credit risk of its exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset. Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.
Low credit risk	Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil its contractual obligations.
Default	The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or group of financial assets: • significant financial difficulty of borrower and/or modification (i.e.,, known cash flow difficulties experienced by the borrower) • a breach of contract, such as default or delinquency in interest and/or principal payments • disappearance of active market due to financial difficulties • it becomes probable that the borrower will enter bankruptcy or other financial reorganisation • where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider. • Exposures which are overdue for more than 90 days are also considered to be in default.
Forward-looking information	Forward-looking information is incorporated into the Group's impairment methodology calculations and in the Group's assessment of SICR. The Group includes all forward-looking information which is reasonable and available without undue cost or effort. The information will typically include expected macro-economic conditions and factors that are expected to impact portfolios or individual counterparty exposures.
Write-off	Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within other liabilities.
Financial assets measured at fair value through OCI	Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.

Cash and balances with the central bank

Cash and balances with the central bank comprise coins and bank notes and balances with the central bank (BOU). Included in balances with central bank are balances that primarily comprise of reserving requirements held with the central bank which are available for use by the Group, subject to certain restrictions and limitations levied by the central bank but are subject to an insignificant risk of changes in value.

Coins and bank notes and balances with central banks comprising reserving requirements are measured at fair value through profit or loss – default.

Cash and cash equivalents

Cash and cash equivalents, for the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and nonrestricted balances with BOU, treasury bills and other eligible bills, loans and advances to banks and amounts due from other banks.

Reclassification

Reclassifications of debt financial assets are permitted when, and only when, the Group changes its business model for managing its financial assets, in which case all affected financial assets are reclassified. Reclassifications are accounted for prospectively from the date of reclassification as follows: :

- Financial assets that are reclassified from amortised cost to fair value are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in other gains and losses on financial instruments.
- The fair value of a financial asset that is reclassified from fair value to amortised cost becomes the financial asset's new carrying value.
- Financial assets that are reclassified from amortised cost to fair value through OCI are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in OCI.
- The fair value of a financial asset that is reclassified from fair value through OCI to amortised cost becomes the financial asset's new carrying value with the cumulative fair value adjustment recognised in OCI being recognised against the new carrying value.
- The carrying value of financial assets that are reclassified from fair value through profit or loss to fair value through OCI remains at fair value.
- The carrying value of financial assets that are reclassified from fair value through OCI to fair value through profit or loss remains at fair value, with the cumulative fair value adjustment in OCI being recognised in the income statement at the date of reclassification.

Financial liabilities

Nature

Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term (including all derivative financial liabilities) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances: • to eliminate or significantly reduce an accounting mismatch that would otherwise arise where the financial liabilities are managed, and their performance evaluated and reported on a fair value basis. • where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.
Amortised cost	All other financial liabilities not included in the above categories.

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value, with gains and losses arising from changes in fair value (including interest and dividends but excluding fair value gains and losses attributable to own credit risk) are recognised in the other gains and losses on financial instruments as part of non-interest revenue. Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes
Amortised cost	Amortised cost using the effective interest method recognised in interest expense.

Derecognition and modification of financial assets and liabilities

Financial assets and liabilities are derecognised or modified in the following instances:

	Derecognition	Modification
Financial asset	Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group enters into transactions whereby it transfers assets, recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements. When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction, similar to repurchase transactions. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.	In determining whether a modification is substantial, for financial asset qualitative factors are considered and for a financial liability, both qualitative and quantitative factors are considered. Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes. If the terms are not substantially different for financial assets or financial liabilities, the Group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).
Financial liabilities	Financial liabilities are derecognised when the Group's obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.	

Financial guarantee contracts or loan commitment below market rate

A financial guarantee contract is a contract that requires the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee.

A loan commitment is a firm commitment to provide credit under specified terms and conditions. It is a binding promise from a lender that a specified amount of loan or line of credit will be made available to the named borrower at a certain interest rate, during a certain period and, usually, for a certain purpose. Loan commitments at a below market interest rate are initially recognised when the Group become party to the irrevocable commitment at fair value.

Financial guarantee contracts (that are not designated at fair value through profit or loss) and loan commitments at a below market interest rate, are subsequently measured at the higher of the:

- ECL calculated for the financial guarantee or loan commitments; or
- unamortised premium

Derivatives and embedded derivatives

In the normal course of business, the Group enters into a variety of derivative transactions for both trading and economic hedging purposes. Derivative financial instruments are entered into for benefit of the Group and its customers and for hedging foreign exchange, interest rate, inflation, credit, commodity and equity exposures. Derivative instruments used by the Group in both trading and hedging activities include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, credit risk, inflation risk, interest rates and the prices of commodities and equities.

Derivatives are initially recognised at fair value. Derivatives that are not designated in a qualifying hedge accounting relationship are classified as held-for-trading with all changes in fair value being recognised within trading revenue. These include forward contracts to purchase or sell commodities, where net settlement occurs or where physical delivery occurs, and the commodities are held to settle another derivative contract. All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Embedded derivatives included in hybrid instruments, where the host is a financial asset, is assessed in terms of the accounting policy on financial assets. In all other instances (being non-financial host contracts and financial liabilities), the embedded derivatives are treated and disclosed as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the terms of the embedded derivative are the same as those of a stand- alone derivative and the combined contract is not measured at fair value through profit or loss. The host contract is accounted for and measured applying the relevant Group accounting policy.

The method of recognising fair value gains and losses on derivatives designated as a hedging instrument depends on the nature of the hedge relationship.

Hedge accounting

The Group continues to apply IAS 39 to its portfolio interest rate risk fair value hedges and applies IFRS 9 to all its other hedges.

Derivatives, whether accounted for under IAS 39 or IFRS 9, are designated by the Group into the following relationships:

Type of hedge	Nature	Treatment
Fair value hedges	Hedges of the fair value of recognised financial assets, liabilities, or firm commitments.	Where a hedging relationship is designated as a fair value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Gains or losses on the remeasurement of both the derivative and the hedged item are recognised in profit or loss. Fair value adjustments relating to the hedging instrument are allocated to the same line item in profit or loss as the related hedged item. Any hedge ineffectiveness is recognised in profit or loss. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for fair value hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The adjustment to the carrying amount of a hedged item measured at amortised cost, for which the effective interest method is used, is amortised to profit or loss as part of the hedged item's recalculated effective interest rate over the period to maturity.
Cash flow hedges	Hedges of highly probable future cash flows attributable to a recognised asset or liability, a forecasted transaction, or a highly probable forecast intragroup transaction.	The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve. The ineffective part of any changes in fair value is recognised in profit or loss. Amounts recognised in OCI are transferred to profit or loss in the periods in which the hedged forecast cash flows affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the cumulative gains or losses recognised previously in OCI are transferred and included in the initial measurement of the cost of the asset or liability. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for cash flow hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The cumulative gains or losses recognised in OCI remain in OCI until the forecast transaction is recognised in the case of a non-financial asset or a non-financial liability, or until the forecast transaction affects profit or loss in the case of a financial asset or a financial liability. If the forecast transaction is no longer expected to occur, the cumulative gains and losses recognised in OCI are immediately reclassified to profit or loss.

Hedge accounting risk management strategy

Hedge accounting is applied when the hedging relationship meets the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument.
- the effect of credit risk does not dominate the value changes that result from that economic relationship and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

Where the above criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instruments (hedged item). All qualifying hedging relationships are designated as either fair value or cash flow hedges for recognised financial assets or liabilities, and highly probable forecast transactions. For hedge relationships, where the critical terms of the hedged item and hedging instrument match, a qualitative method is considered appropriate for hedge effectiveness testing. Where the characteristics between the hedged item and hedging instrument are insufficiently correlated, judgement is applied and if required a qualitative and quantitative method is used for hedge effectiveness testing.

The Group applies hedge accounting in respect of the following risk categories:

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk and translation risk. Foreign exchange risk arises from recognised assets and liabilities and future highly probable forecast commercial transactions denominated in a currency that is not the functional currency of the Group. The risk is evaluated by measuring and monitoring the net foreign monetary asset value and the forecast highly probable foreign currency income and expenditures of the Group for each respective currency. Foreign currency risk is hedged with the objective of minimising the earnings volatility associated with assets, liabilities, income and expenditure denominated in a foreign currency.

Translation risk arises on consolidation from recognised assets and liabilities denominated in a currency that is not the reporting currency of the Group. The risk is evaluated by measuring and monitoring the net foreign non-monetary asset value of the Group for each respective currency.

The Group uses a combination of currency forwards, swaps and foreign denominated cash balances to mitigate the risk of changes in the future cash flows and functional currency value on its foreign-denominated exposures. Under the Group's policy, the critical terms of these instruments must align with the foreign currency risk of the hedged item and is hedged on a 1:1 hedge ratio or where currency is managed on a portfolio basis the weighted expected foreign cash flows are aligned.

The Group elects for each foreign currency hedging relationship, using either foreign currency forwards and swaps, to either include or exclude the currency forward points (basis) contained in the derivative instrument from the hedging relationship. This election is based on the currency pair involved, the shape of the yield-curve and the direction of the foreign currency hedged risk. Basis is determined using the differential between the contracted forward rate and the spot market exchange rate and is discounted, where material. Where the basis is excluded in the hedging relationship this is recognised as a cost of the hedge and deferred in other comprehensive income (as a separate reserve).

Where the hedged item subsequently results in the recognition of a non-financial asset or liability, or a firm commitment for a non-financial asset or liability the Group removes the amount from equity and includes it directly in the initial cost or other carrying amount of the asset or the liability and amortises it to profit or loss on a systematic basis (where applicable). In all other cases, the amount is reclassified to profit or loss.

Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists. For hedges of foreign currency risk, the Group enters hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness. In hedges of foreign currency risk of highly probable forecast commercial transactions, ineffectiveness may arise if the amount of the forecast transaction changes from what was originally estimated.

Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness.

Interest rate risk

Banking book-related market risk exposure principally involves managing the potential adverse effect of IRRBB (net interest income and banking book mark-to-market profit or loss) and the economic value of equity. The Group's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the Group operates. The Group's treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of Group ALCO. The Group's interest rate risk management is predominantly controlled by a central treasury department under approved policies. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

In adherence to policies regarding interest rate risk management the Group applies fair value hedge accounting in respect of the interest rate risk element only, present within the following exposures:

- Specifically identified long-term fixed interest rate Loans and advances and Deposits and debt funding. To manage the risk associated with such risk exposures the Group uses one or more cash collateralised fixed for floating interest rate swaps that matches the critical terms or that exhibits the same duration as the underlying risk exposure.

- Specifically identified long-term interest rate basis risk (CPI vs. JIBAR) inherent in loans and advances. To manage the basis risk associated with such risk exposures the Group uses one or more cash collateralised floating for floating basis interest rate swaps that matches the critical terms or that exhibits the same duration as the of the underlying risk exposure; and

- Portfolio interest rate risk present within a designated portfolio of loans and advances and deposits and debt funding. Portfolio interest rate risk hedging is conducted on an aggregate asset and liability portfolio basis. The hedge ratio and rebalancing frequency of portfolio hedges is determined using a dynamic approach reflecting the duration of portfolio exposure in accordance with an exposure bucketing approach. The hedge ratio is monitored daily and where necessary the portfolio is rebalanced using a dynamic approach.

The Bank also applies cash flow hedge accounting in respect of the interest rate risk element only, present within the following exposures:

- The Group manages interest rate volatility borne from rate insensitive liabilities and equity through a managed interest rate hedge. The hedge is accounted for on a cash flow basis using identified term floating interest rate loans and advances. To manage the risk associated with such risk exposures the Group uses one or more cash collateralised floating for fixed interest rate swaps that aligns to the Group governed risk appetite tenors.

- The Group observes interest rate risk in respect of these exposures using an unfunded cash collateralised interest rate derivatives discount curve. Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists using regression analysis between the hedged items and the hedging instruments for sensitivity of changes to changes in interest rate risk only. The Group and company use a combination of interest rate swaps and interest rate basis swaps to mitigate against the risk of changes in market value of hedged items for changes in interest rates. The Group elects for each fair value interest rate risk hedging relationship, using swaps, to include forward points (basis) contained in the derivative instrument in the hedging relationship. Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness. The extent of hedge ineffectiveness as a result of fair value interest rate risk hedges is disclosed in note 28.4.

Others

Sale and repurchase agreements and lending of securities

Securities sold subject to linked repurchase agreements (repurchase agreements) are reclassified in the statement of financial position as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The liability to the counterparty is included under deposits and current accounts or trading liabilities, as appropriate.

Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate.

For repurchase and reverse repurchase agreements measured at amortised cost, the difference between the purchase and sales price is treated as interest and amortised over the expected life using the effective interest method.

Securities lent to counterparties are retained in the annual financial statements. Securities borrowed are not recognised in the annual financial statements unless sold to third parties. In these cases, the obligation to return the securities borrowed is recorded at fair value as a trading liability. Income and expenses arising from the securities borrowing and lending business are recognised over the period of the transactions.

Offsetting

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparties to the transaction. Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

Statutory credit risk reserve

In addition to the measurement of impairment losses on loans and advances in accordance with the IFRS as set out above, the Group is required by the Financial Institutions Act, 2004, (as amended) (FIA) to establish minimum provisions for losses on loans and advances as follows:

i) A specific provision for those loans and advances considered to be non- performing based on criteria and classification of such loans and advances established by Bank of Uganda, as;

a) Substandard assets being facilities in arrears between 90 and 179 days – 20%.

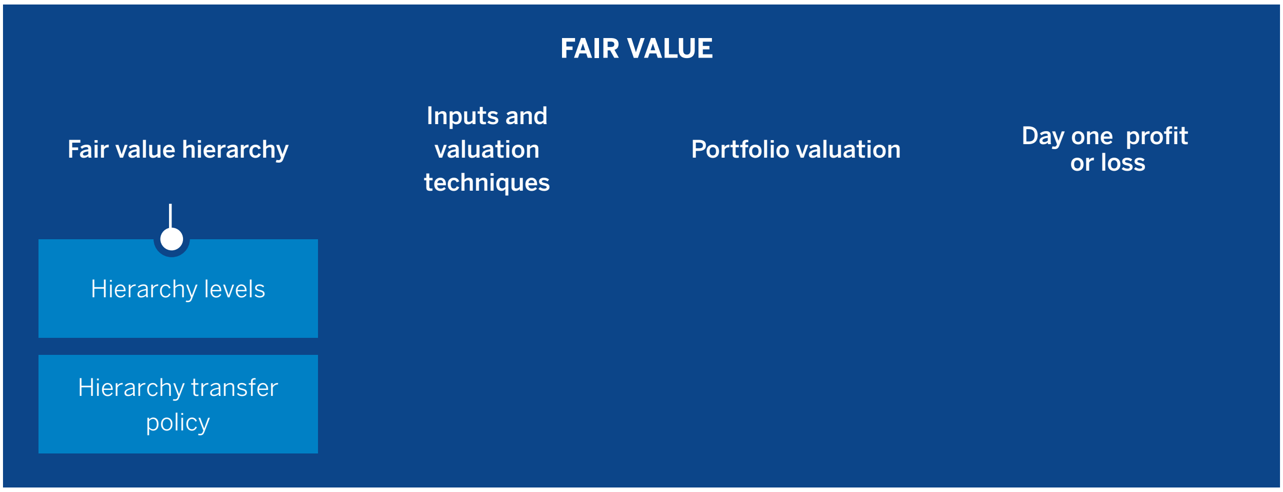
b) Doubtful assets being facilities in arrears between 180 days and 364 days – 50%.

c) Loss assets being facilities in arrears between over 364 days – 100%.

ii) A general provision of at least 1% of their total outstanding credit facilities net of specific provisions and interest in suspense.

Where provisions for impairment of loans and advances determined in accordance with the Financial Institutions Regulations exceed amounts determined in accordance with IFRS, the excess is taken to the statutory credit risk reserve as an appropriation of retained earnings. Otherwise, no further accounting entries are made.

(c) Fair value



In terms of IFRS, the Group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value, it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Fair value hierarchy

The Group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Hierarchy levels

The levels have been defined as follows:

Level 1

Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3

Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Hierarchy transfer policy

Transfers of financial assets and financial liabilities between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Inputs and valuation techniques

Fair value is measured based on quoted market prices or dealer price quotations for identical assets and liabilities that are traded in active markets, which can be accessed at the measurement date, and where those quoted prices represent fair value. If the market for an asset or liability is not active or the instrument is not quoted in an active market, the fair value is determined using other applicable valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market-related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

The fair value of items included in cash and cash equivalents is the same as the amortised cost value, as amortised cost items are initially measured at fair value. The fair value of cash and cash equivalents does not change, as there are no adjustments made to these items subsequent to initial recognition. These items are included in level 1 of the fair value hierarchy.

The Group's valuation control framework governs internal control standards, methodologies, and procedures over its valuation processes, which include the following valuation techniques and main inputs and assumptions per type of instrument.

Item and description	Valuation technique	Main inputs and assumptions
Derivative financial instruments Derivative financial instruments comprise foreign exchange, interest rate, commodity, credit and equity derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: • discounted cash flow model • Black-Scholes model • combination technique models.	For level 2 and 3 fair value hierarchy items: • discount rate* • spot prices of the underlying • correlation factors • volatilities • dividend yields • earnings yield • valuation multiples.
Trading assets and trading liabilities Trading assets and liabilities comprise instruments which are part of the Group's underlying trading activities. These instruments primarily include sovereign and corporate debt, commodities, collateral, collateralised lending agreements and equity securities	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial asset being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	
Pledged assets Pledged assets comprise instruments that may be sold or repledged by a Group's counterparty in the absence of default by the Group. Pledged assets include sovereign and corporate debt, equities, commodities pledged in terms of repurchase agreements and commodities that have been leased to third parties.		
Financial investments Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, listed and unlisted equity instruments, investments in debentures issued by the Bank of Uganda, investments in mutual fund investments and unit-linked investments.		

Item and description	Valuation technique	Main inputs and assumptions
Loans and advances to banks and customers **Loans and advances comprise:** • Mortgage lending • Vehicle and asset finance • Card and payments • Personal unsecured lending • Business lending and other • Corporate and sovereign • Bank	For certain loans fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	For level 2 and 3 fair value hierarchy items: • ■discount rate*
Deposits and debt funding Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the Group's credit risk relevant to that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	For level 2 and 3 fair value hierarchy items: • ■discount rate*

*** Discount rates, where applicable, include the risk-free rate, risk premiums, liquidity spreads, credit risk (own and counterparty as appropriate), timing of settlement, storage/ service costs, prepayment and surrender risk assumptions and recovery rates/ loss given default.**

Portfolio valuations

The Group has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits the group of financial assets and financial liabilities to be measured at fair value on a net basis, with the net fair value being allocated to the financial assets and financial liabilities.

Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred (and recognised together with the instrument it relates to) where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models that utilise non-observable market data as inputs. The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs or realised through settlement.

(d) Employee benefits

(i) Retirement benefit obligations

The Group operates a defined contribution pension scheme for its employees. The defined contribution plan is a pension plan under which the Group pays fixed contributions into a fund managed by a board of trustees and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

In addition, all employees are obliged to be members of the National Social Security Fund, a state managed defined contribution pension scheme. The Group contributes to the scheme in line with the requirements of the National Social Security Fund Act. The regular contributions by the Group and employees constitute net periodic costs for the year in which they are due and as such are included in employee benefit expenses. The Group's contributions to the defined contribution schemes are charged to the income statement in the year to which they relate.

(ii) Short-term benefits

Short-term benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expenses as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

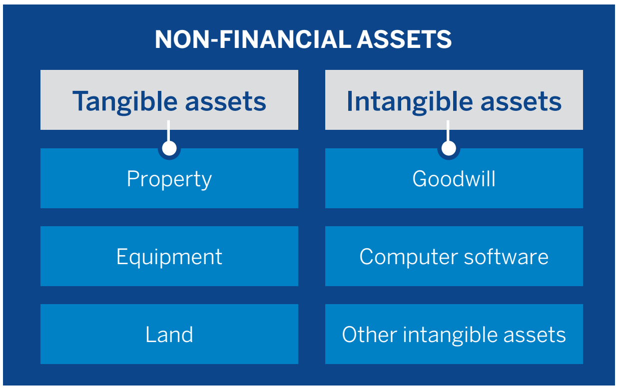
(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be reliably estimated. A liability is recognised to the best estimate of the amount to settle the obligation.

(iv) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

(e) Non- financial assets



Type, initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
Tangible assets (property, equipment and land) IItems of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Items of property and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognised net within other income in profit or loss. **Subsequent costs** The cost of replacing a part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.	Depreciation is recognised in profit or loss on straight -line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows: **Leasehold premises and buildings**: 50 years or over the shorter period of lease **Furniture and fittings**: 5 years **Motor vehicles**: 5 years **Other computer equipment**: 5 years **Laptops and personal computers**: 4 years **Office equipment**: 8 years The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.	These assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes. in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in non-trading and capital related items for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest cash generating units (CGUs). Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. The carrying amount of these other assets may, however, not be reduced below the higher of the CGU's fair value less costs to sell and its value in use. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through non-trading and capital related items only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Type and initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
Goodwill Goodwill arises on business combinations and represents the excess of the consideration transferred over the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non–controlling interest in the acquiree. Goodwill on acquisitions is reported in the statement of financial position as an intangible asset	Not applicable	The accounting treatment is generally the same as that for tangible assets except as noted below. • Goodwill is tested annually for • impairment and additionally when an indicator of impairment exists. • An impairment loss in respect of goodwill • is not reversed.
Computer software Costs associated with maintaining computer software programmes are recognised as an expense as incurred on a straight-line basis at rates appropriate to the expected lives of the assets (2 to 15 years) from the date that the asset is available for use. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met: • It is technically feasible to complete the software product so that it will be available for use. • management intends to complete the software product and use or sell it. • there is an ability to use or sell the software product. • it can be demonstrated how the software product will generate probable future economic benefits. • adequate technical, financial and other resources to complete the development and to use or sell the software product are available. • the expenditure attributable to the software product during its development can be reliably measured. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.	Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed fifteen years. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives	Intangible assets that have an indefinite useful life are tested annually for impairment and additionally when an indicator of impairment exists. The accounting treatment for computer software and other intangible assets is otherwise the same as for tangible assets
Derecognition Non-financial assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset.		

(f) Equity-linked transactions

The group operates equity-based compensation plans comprised of equity settled and cash settled schemes as follows.

EQUITY COMPENSATION PLANS

Tangible assets	Intangible assets
Equity-settled share-based payments	Cash-settled share-based payments

Equity-settled share-based payments

The fair value of the equity-settled share-based payments are determined on grant date and accounted for within operating expenses (staff costs) over the vesting period with a corresponding increase in the Group's share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against operating expenses and share-based payment reserve over the remaining vesting period.

On vesting of the equity-settled share-based payments, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of the equity-settled share-based payment, any proceeds received are credited to share capital and premium.

Cash-settled share-based payments

Cash-settled share-based payments are accounted for as liabilities at fair value until the date of settlement. The liability is recognised over the vesting period and is revalued at every reporting date up to and including the date of settlement. All changes in the fair value of the liability is recognised in operating expenses (staff costs). The awards vest over the specified period of service and/or once the performance conditions are met.

Further details of the Group's equity compensation plans are disclosed in note 39.

Item and description	Valuation technique	Main inputs and assumptions
Derivative financial instruments Derivative financial instruments comprise foreign exchange, interest rate, commodity, credit and equity derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: • discounted cash flow model • Black-Scholes model • combination technique models.	For level 2 and 3 fair value hierarchy items: • discount rate* • spot prices of the underlying • correlation factors • volatilities • dividend yields • earnings yield • valuation multiples.
Trading assets and trading liabilities Trading assets and liabilities comprise instruments which are part of the Group's underlying trading activities. These instruments primarily include sovereign and corporate debt, commodities, collateral, collateralised lending agreements and equity securities	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial asset being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	
Pledged assets Pledged assets comprise instruments that may be sold or repledged by a Group's counterparty in the absence of default by the Group. Pledged assets include sovereign and corporate debt, equities, commodities pledged in terms of repurchase agreements and commodities that have been leased to third parties.		
Financial investments Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, listed and unlisted equity instruments, investments in debentures issued by the Bank of Uganda, investments in mutual fund investments and unit-linked investments.		

(g) Accounting for leases

<table>
<thead>
<tr><th>Type and description
Lessee Accounting policies</th><th>Statement of financial position</th><th>Income statement</th></tr>
</thead>
<tbody>
<tr>
<td rowspan="3">Single lessee accounting model

All leases are accounted for by recognising a right-of use asset and a lease liability except for leases of low value assets; and leases with a duration of twelve months or less..</td>
<td>Lease liabilities:
Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the Group) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. The Group's standardized funding transfer pricing rate is the base on which the incremental borrowing rate is calculated. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes:
Amounts expected to be payable under any residual value guarantee.
The exercise price of any purchase option granted in favor of the Group, should it be reasonably certain that this option will be exercised.
Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised.</td>
<td>Interest expense on lease liabilities:
A lease finance cost, determined with reference to the interest rate implicit in the lease or the Group's incremental borrowing rate, is recognised within interest expense over the lease period.</td>
</tr>
<tr>
<td>Right-of-use assets:
Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
lease payments made at or before commencement of the lease;
initial direct costs incurred; and
the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.
The Group applies the cost model subsequent to the initial measurement of the right-of-use assets.</td>
<td>Depreciation on right-of-use assets:
Subsequent to initial measurement, the right- of-use assets are depreciated on a straight- line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the Group at the end of the lease term, whereby the right- of- use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of depreciation and amortization.</td>
</tr>
<tr>
<td>Termination of leases:
When the Group or lessor terminates or cancels a lease, the right-of-use asset and lease liability are derecognized.</td>
<td>Termination of leases:
On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancelation costs in profit or loss</td>
</tr>
</tbody>
</table>

Type and description Lessee Accounting policies continued	Statement of financial position	Income statement
All leases that meet the criteria as either a lease of a low value asset or a short-term lease are accounted for on a straight-line basis over the lease term.	Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense are recognised.	Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.
Reassessment and modification of leases	**Reassessment of lease terms and lease modifications that are not accounted for as a separate lease:** When the Group reassesses the terms of any lease (i.e.,, it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability, is recognised in profit or loss. For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.	
	Lease modifications that are accounted for as a separate lease: When the Group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the Group accounts for these modification as a separate new lease. This accounting treatment equally applies to leases which the Bank elected the short-term lease exemption and the lease term is subsequently modified.	
Separating components of a lease contract	The group has elected to apply the practical expedient to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. The practical expedient is applied to each class of underlying asset.	

Type and description	Statement of financial position	Income statement
Lessor Accounting policies		
Finance leases **Leases, where the group transfers substantially all the risk and rewards incidental to ownership, are classified as finance leases.**	Finance lease receivable, including initial direct costs and fees, are primarily accounted for as financing transactions in banking activities, with rentals and instalments receivable, less unearned finance charges.	Finance charges earned within interest income are computed using the effective interest method, which reflects a constant periodic rate of return on the investment in the finance lease. The tax benefits arising from investment allowances on assets leased to clients are accounted for within direct taxation.
Operating leases **All leases that do not meet the criteria of a financial lease are classified as operating leases.**	The asset underlying the lease continues to be recognised and accounted for in terms of the relevant group accounting policies. Accruals for outstanding lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease income are recognised. At the end of the lease term, these assets are reclassified from tangible assets to other assets and measured the lower of cost and net realisable value.	Operating lease income net of any incentives given to lessees, is recognised on the straight-line basis, or a more representative basis where applicable, over the lease term and is recognised in operating income. When an operating lease is terminated before the lease period has expired, any payment received/(paid) by the group by way of a penalty is recognised as income/(expense) in the period in which termination takes place.
Lessor lease modifications		
Finance leases	When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the group accounts for these modifications as a separate new lease. All other lease modifications that are not accounted for as a separate lease are accounted for in terms of IFRS 9, unless the classification of the lease would have been accounted for as an operating lease had the modification been in effect at inception of the lease. These lease modifications are accounted for as a separate new lease from the effective date of the modification and the net investment in the lease becomes the carrying amount of the underlying asset.	
Operating leases	Modifications are accounted for as a new lease from the effective date of the modification.	

(g) Equity

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Ordinary shares are classified as equity.

Share issue costs.

Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.

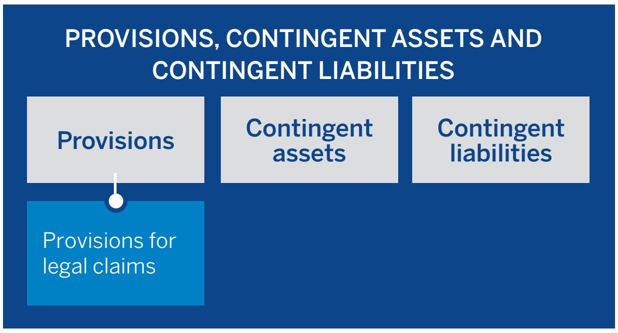
Dividends on ordinary shares

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are reported as a component of equity at the year end.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(h) Provisions, contingent assets and contingent liabilities



Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions for legal claims

Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received.

Contingent assets

Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are considered remote.

Contingent liabilities

Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are considered remote.

(i) Income tax

Income tax expense is the aggregate of the charge to the income statement in respect of current income tax and deferred income tax. Current tax is determined for current period transactions and events and deferred tax is determined for future tax consequences.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Ugandan Income Tax Act. The rates used are based on laws enacted or substantially enacted at the reporting date.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised or for items recognised in OCI and equity.

Deferred tax is recognised in direct taxation except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI. Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of goodwill
- the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses.
- investments in subsidiaries, associates and jointly controlled arrangements (excluding mutual funds) where the Group controls the timing of the reversal of temporary differences, and it is probable that these differences will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates unless there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using tax rates currently enacted.

(j) Interest income and expense

Interest income and expense are recognised in the profit or loss using the effective interest method for all interest-bearing financial instruments, except for those classified at fair value through profit or loss.

The 'Effective interest rate' is the rate that exactly discounts estimated future payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financials liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument but not ECL. For purchased or originated credit- impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received between parties of the contract that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the income statement relates to interest on financial assets and financial liabilities measured at amortised cost and financial assets at FVOCI.

When loans and advances become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the original effective interest rate that is used to discount future cash flows for the purpose of measuring the recoverable amount.

Fair value gains and losses on realised debt financial instruments, including amounts reclassified from OCI in respect of financial investments financial assets, and excluding those classified as trading assets, are included in net interest income.

(k) Net fees and commission

Fee and commission revenue, including transactional fees, account servicing fees, investment management fees, sales commissions and placement fees are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period.

Loan syndication fees, where the Group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised to the income statement as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract.

Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is recognised as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.

Performance obligation and revenue recognition policies

TYPE OF SERVICE	DESCRIPTION OF THE SERVICE	REVENUE RECOGNITION
Transactional and service related	These are service and transactional fee-based revenue that mainly comprise of but are not limited to commissions on cheques cashed, bank statement charges, auxiliary charges, management fees, advisory fees, payments and collection related fees.	Revenue from account service fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.
Trade related	These are origination and processing fees relating to issuance of guarantees, performance bonds and letters of credit.	Revenue related to trade fees is recognised at the point in time when the transaction takes place.
Credit related	These fees include mainly loan arrangement fees, search fees, loan processing fees on short-term facilities, commitment fees which are amortized over the period of the loan using the EIR model.	Revenue from credit related fees is recognised over time as the services are provided.

(m) Net trading revenue

Net trading revenue comprises gains or losses related to trading assets and liabilities, and include all realised and unrealised fair value changes, interest and foreign exchange differences.

(m) Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are reflected as a component of other operating income based on the underlying classification of the equity investment.

(n) Other gains/losses on financial instruments

Includes:

- Fair value gains and losses on financial assets that are classified at fair value through profit or loss (designated and default)
- The gain or loss on the derecognition of a debt financial asset classified as at fair value through OCI.
- Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost.
- Gains and losses arising from the reclassification of a financial asset from amortised cost to fair value.
- Gains and losses arising from the modification of a financial asset (which is not distressed) and financial liability as at amortised cost.
- Fair value gains and losses on designated financial liabilities
- Fair value gains and losses on private equity or venture capital investment designated at fair value through profit or loss.

(o) Other revenue

Other revenue comprises of revenue that is not included in any of the categories mentioned above. This could include dividends on equity financial assets, underwriting profit from the Group's short-term insurance operations and related insurance activities and remeasurement gains and losses from contingent consideration on disposals and purchases.

(p) Segment reporting

An operating segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments and whose operating results are reviewed to assess its performance and for which discrete financial information is available. The Group's primary business segmentation is based on the Group's internal reporting about components of the Group as regularly reviewed by the Board and executive management committees. Segment results include items directly attributable to a segment as well as those that are allocated on a reasonable basis. Business segments are the only segments presented since the Group operates in a single geographical segment, Uganda.

(q) Non-trading and capital related items

Non-trading and capital related items primarily include the following:

- Gains and losses on disposal of subsidiaries, joint ventures and associates (including foreign exchange translation gains and losses)

- Gains and losses on the disposal of property and equipment and intangible assets
- Impairment and reversals of impairments of joint ventures and associates
- Impairment of investments in subsidiaries, property and equipment, and intangible assets
- Other items of a capital related nature.

(r) Foreign currency translation

Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the Group operates, Uganda Shillings; UShs ("the functional currency"). The financial statements are presented in UShs and figures are stated in thousands of UShs (UShs'000) unless otherwise stated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition: non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year- end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Changes in the fair value of monetary assets denominated in foreign currency classified as fair value through OCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

3. Financial Risk Management

3(a) Strategy in using financial instruments.

By their nature, the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers at both fixed and floating rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. Risk management is carried out centrally under policies approved by the Board of Directors. The Global Markets team identifies, evaluates, and hedges financial risks in close co-operation with the Group's operating units.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

The Group also seeks to raise its interest margins by obtaining above-average margins, net of allowances, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just on-statement of financial position loans and advances, the Group also enters into guarantees and other commitments such as letters of credit and performance, and other bonds. The Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments to take advantage of short-term market movements in bonds, currency, and interest rate. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions.

Foreign exchange and interest rate exposures associated derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

(b) Capital management

The Group's objectives when managing capital, which is a broader concept than the equity on the face of the statement of financial position, are:

- In the context of Stanbic Bank Uganda Limited, to comply with the capital requirements of the regulator, Bank of Uganda, that are enshrined in the Financial Institutions Act, 2004, (as amended) and related Financial Institutions (Capital Adequacy Requirements) Regulations.
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

These ratios measure capital adequacy by comparing the Bank's eligible capital with its statement of financial position assets, off-balance sheet commitments at weighted amounts to reflect their relative risk.

The Bank's eligible capital consists of Core capital (Tier 1) and Tier 2 capital. Tier 1 capital is shareholders' equity comprising of paid-up share capital, share premium and retained earnings less intangible assets, deferred tax asset and investments in financial companies, not consolidated. Tier 2 capital includes the Bank's eligible long-term loans, and general provisions. Tier 2 capital is limited to 50% of Tier 1 capital.

In the computation of the total risk adjusted assets, statement of financial position assets are weighted according to the Standardized Approach supported by external credit risk ratings. In this approach, the Bank applies prescribed risk-weights to both on-balance sheet and off-balance sheet exposures. Loans and advances to customers are stated net of provisions as determined in accordance with the Financial Institutions Act, 2004, (as amended) and related regulations. These are risk weighted at 100% except for sovereign loan and advances which are risk weighted at zero and loans with cash collateral which are risk weighted at zero.

Off-balance sheet credit related commitments and forwards are considered by applying different categories of credit conversion factors, designed to convert these items into statement of financial position equivalents.

The Bank is required at all times to maintain Core capital (Tier 1) of not less than 10% of total risk adjusted assets plus risk adjusted off the statement of financial position items and Total capital (Tier 1 + Tier 2) of not less than 12% of the total risk adjusted assets plus risk adjusted off the statement of financial position items.

The Financial Institutions (Capital Buffers and Leverage Ratio) Regulations, 2020 introduced a Capital Conservation buffer of 2.5%, a Systemic Risk Buffer for Domestic Systemically Important Banks ranging from 0% to 3.5% and a Countercyclical Buffer ranging from 0% to 2.5%. The buffers are calculated as a percentage of total risk adjusted assets plus risk adjusted off balance sheet items. The buffers are added to the Tier 1 capital and Total capital ratios.

The regulations also introduced a minimum Leverage Ratio of 6%. This is calculated as the Core capital divided by the total balance sheet plus off-balance sheet exposure.

Stanbic Bank Uganda Limited is required to maintain Core capital of not less than 10%, Total capital of not less than 12%, a Capital Conservation buffer of 2.5% and a prescribed Systemic Risk Buffer for Domestic Systemically Important Banks of 1%. As of 31 December 2024, the Bank's capital adequacy ratio of 19.7% and 21.3% for Core capital and Total capital, respectively, and the Leverage Ratio of 11.8% were above the regulatory requirements.

In 2022, Bank of Uganda issued The Financial Institutions (Revision of Minimum Capital Requirements) Instrument 2022 which increased the minimum paid-up capital requirement for Tier 1 banks from UShs 25 billion to UShs 150 billion. As of 31 December 2024, the Bank was compliant with this requirement as it had issued share capital not impaired by losses of UShs 154 billion.

(i) The table below summarizes a composition of regulatory capital

	2024 UShs' 000	2023 UShs' 000
Core capital (Tier 1)		
Shareholders' equity	**153,566,009**	153,566,009
Share premium	**725,964,739**	725,964,739
Retained earnings	**908,527,702**	771,701,466
Less: Deductions determined by Bank of Uganda	**(116,433,949)**	(121,358,708)
Total core capital	**1,671,624,501**	1,529,873,506
Supplementary capital (Tier 2)		
Unencumbered general provisions for losses	**66,279,649**	64,437,649
Subordinated term debt	**75,433,169**	77,641,462
Total supplementary capital	**141,712,818**	142,079,111
Total capital (core and supplementary)	**1,813,337,319**	1,671,952,617

(ii) Breakdown of deductions determined by the Financial Institutions Act, 2004, (as amended) 2004, as amended.

	2024 UShs' 000	2023 UShs' 000
Good will and other intangible assets	**42,620,077**	52,477,565
Unrealised gains on government securities and derivatives	**6,396,288**	19,190,772
Deferred tax asset	**65,135,119**	49,690,371
Fairvalue through OCI reserve–loss (note 27)	**2,282,465**	-
	116,433,949	121,358,708

(iii) The table below summarises the risk weighted asset.

	Notes	Risk Weight	Regulatory financial position nominal balance		Risk weighted balance	
			2024 UShs'000	2023 UShs'000	2024 UShs'000	2023 UShs'000
Statement of financial position						
Cash and balances with Bank of Uganda	16	0%	**1,209,350,188**	1,082,100,361	**-**	-
Financial investments*[1]	17	0%	**1,086,698,537**	1,191,662,666	**-**	-
Equity investments	17	100%	**467,476**	187,053	**467,476**	187,053
Trading assets	18	0%	**1,411,507,272**	1,778,937,821	**-**	-
Pledged assets	17	0%	**55,380,467**	4,661,138	**-**	-
Placements with local banks*[2]	19	20%	**48,517,722**	189,157,599	**9,703,544**	37,831,520
Placements with foreign banks*[2]	19		**324,462,119**	45,244,796	**168,429,217**	30,492,596
Amounts due from group companies		100%	**1,170,928,557**	329,588,643	**1,170,928,557**	329,588,643
Loans and advances to customers-regulatory basis	Noteb (vii)		**4,523,516,664**	4,343,041,105	**4,224,833,721**	3,948,072,518
Other assets*[3]		100%	**333,059,170**	94,262,376	**333,059,168**	94,262,376
Derivative assets	28	100%	**99,818,442**	99,208,570	**99,818,442**	99,208,570
Deferred tax asset	21	0%	**65,135,119**	49,690,371	**-**	-
Goodwill	23	0%	**1,901,592**	1,901,592	**-**	-
Other intangible assets	23	0%	**40,718,485**	50,575,973	**-**	-
Property, equipment and right of use asset	24	100%	**76,774,057**	77,629,479	**76,774,057**	77,629,479
			10,448,235,867	9,337,849,543	**6,084,014,182**	4,617,272,755
Off-balance sheet items						
Contingencies secured by cash collateral		0%	**24,712,877**	55,710,714	**-**	-
Guarantees and acceptances		100%	**27,308,087**	18,639,434	**27,308,087**	18,639,434
Performance bonds		50%	**1,956,199,767**	1,793,437,560	**978,099,884**	896,718,780
Trade related and self-liquidating credits		20%	**96,227,550**	232,936,109	**19,245,510**	46,587,222
Total contingent assets	35		**2,104,448,281**	2,100,723,817		
Other commitments	35	50%	**1,725,657,428**	1,863,438,384	**862,828,714**	931,719,192
			3,830,105,709	3,964,162,201	**1,887,482,195**	1,893,664,628
Counterparty Risk					**21,487,735**	25,960,521
Market Risk					**487,525,689**	226,287,933
Total risk weighted assets					**8,480,509,801**	6,763,185,837

1 Includes only the Bank's financial investments and as per the regulatory requirements, IFRS expected credit loss (ECL) provision of UShs 71 million (2023: UShs 202 million) as reported in Note 17 are not considered.

2 Placements with local banks and placements with foreign banks are split to align to the regulatory requirements regarding the different risk weights for local and foreign banks and exclude Visa and Mastercard electronic balances at the reporting date of UShs 3.8 billion (2023: UShs 6.4 billion). The amounts considered do not include the IFRS ECL in line with regulatory requirements.

3 Other assets are exclusive of staff loans fair value day 1 adjustments of UShs 45.7 billion (2023: UShs 39.3 billion) and include Visa and Mastercard electronic balances of UShs 3.8 billion (2023: UShs 6.4 billion) reported as loans to banks in the financial statements, net impact UShs 41.9 billion (2023: UShs 32.9 billion).

4 Includes only the Bank's assets.

The risk weight for local banks is 20% and for balances with Bank of Uganda is 0%.

Foreign banks are rated based off the risk ratings from international rating agencies. These are categorized as below;

Category	Risk Weight
Rated AAA to AA (-)	20%
Rated A (+) to A (-)	50%
Rated A (-) to non-rated	100%

(iv) Risk weights applied to placements with foreign banks.

Category	Risk Weight	Financial position nominal balance		Risk weighted balance	
		2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Rated AAA to AA (-)	20%	**-**	-	**-**	-
Rated A (+) to A (-)	50%	**312,065,866**	29,504,401	**156,032,933**	14,752,201
Rated A (-) to non-rated	100%	**12,396,253**	15,740,395	**12,396,284**	15,740,395
Total		**324,462,119**	45,244,796	**168,429,217**	30,492,596

(v) Tier 1 and Tier 2 capital

	Capital		Bank ratio		FIA minimum ratio		Minimum buffered capital ratio	
	2024 UShs' 000	2023 UShs' 000	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %
Tier 1 capital	**1,671,624,501**	1,526,873,506	**19.7%**	22.6%	**10%**	10%	**13.5%**	13.5%
Tier 1 + Tier 2 capital	**1,813,337,319**	1,671,952,617	**21.4%**	24.7%	**12%**	12%	**15.5%**	15.5%

(vi) Leverage Ratio

	2024 UShs' 000	2023 UShs' 000
Total core capital (a)	**1,671,624,501**	1,529,873,506
Total assets (b)	**10,448,235,867**	9,337,849,543
Acceptances and letters of credit (note 36)	**98,648,670**	253,159,330
Guarantees and performance bonds (note 36)	**2,005,799,611**	1,847,564,487
Commitments to extend credit (note 36)	**1,725,657,428**	1,863,438,384
Total off balance sheet items (c)	**3,830,105,709**	3,964,162,201
Total assets plus off-balance sheet items [d = (b)+(c)]	**14,278,341,576**	13,302,011,744
Leverage Ratio [(a)/(d)*100]	**11.7%**	11.5%

(vii) Loans and advances to customers for regulatory capital purposes

	2024			203		
	Loans UShs'000	Risk weighting %	Risk weighted balance UShs'000	Loans UShs'000	Risk weighting %	Risk weighted balance UShs'000
Gross loan and advances to customers – Regulatory purposes	**4,265,330,232**			4,021,642,050		-
Specific provisions – regulatory (note 27)	**(35,560,025)**			(73,161,140)		-
Interest in suspense (regulatory)	**(5,126,002)**			(7,732,704)		-
Net loans and advances to customers	**4,224,644,205**	**100%**	**4,224,644,205**	3,940,748,206	100%	3,940,748,206
Loans and advances to Government of Uganda	**295,228,604**	**0%**	**-**	393,774,954	0%	-
Loans and advances to other financial institutions	**3,643,855**	**100%**	**3,643,855**	8,517,945	100%	8,517,945
	4,523,516,664		**4,228,288,060**	4,343,041,105		3,949,266,151
Less:						
Cash cover on loans and advances	**-**		**(3,454,339)**	-		(1,193,633)
	4,523,516,664		**4,224,833,721**	4,343,041,105		3,948,072,518

(viii) Reconciliation of loans and advances to customers between IFRS and FIA

	2024 UShs'000	2023 UShs'000
Gross loans and advances - IFRS purposes (note 20)	**4,505,039,782**	4,370,617,636
Loans and advances to other financial institutions	**(3,643,855)**	(8,517,945)
Written off facilities according to FIA, 2004 as amended	**(578,025)**	-
Staff loans fair value adjustment	**45,720,934**	39,281,752
Modification losses	**1,758,149**	2,360,942
Effective interest rate adjustment	**12,261,851**	11,674,619
Gross loans and advances for regulatory purposes	**4,560,558,836**	4,415,417,004
Less		
Loans and advances to Government of Uganda	**(295,228,604)**	(393,774,954)
Gross loans and advances to customers – Regulatory purposes	**4,265,330,232**	4,021,642,050

The Bank holds loans and advances for which it is required to write-off in accordance with the Financial Institutions Act, 2004, (as amended). However, these loans are not yet due for write-off in accordance with IFRS. These facilities are adjusted out of the loan book when preparing capital ratios.

Adjustments are made for other IFRS requirements to arrive at the loans and advances amount required by the Financial Institutions Act, 2004, (as amended).

Loans and advances to customers include a loan to Government of Uganda totalling to UShs 295,229 million (2023: UShs 393,775 million) risk weighted at zero.

(c) Credit risk

Definition

Credit risk is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk (including borrowers and trading counterparties), concentration risk and country risk.

Approach to managing and measuring credit risk

The Group's credit risk is a function of its business model and arises from wholesale and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk arising from derivative and securities financing contracts entered into with our customers and trading counterparties. The management of credit risk is aligned to the Bank's three lines of defence framework. The business functions own the credit risk assumed by the Bank and as the first line of defence they are primarily responsible for its management, control and optimisation in the course of business generation.

The credit function acts as the second line of defence and is responsible for providing independent and objective approval and oversight for the credit risk-taking activities of business, to ensure the process of procuring revenue, while assuming optimal risk, is undertaken with integrity. Further second line oversight is provided by the Bank risk function through independent credit risk assurance.

The third line of defence is provided by the Bank's internal audit, under its mandate from the Bank audit committee.

Credit risk is managed through:

- maintaining a culture of responsible lending and a robust risk policy and control framework
- identifying, assessing and measuring credit risk across the Bank, from an individual facility level through to an aggregate portfolio level
- defining, implementing and continually re- evaluating risk appetite under actual and stressed conditions
- monitoring the Bank's credit risk exposure relative to approved limits
- ensuring that there is expert scrutiny and approval of credit risk and its mitigation independently of the business functions.

A credit portfolio limit framework has been defined to monitor and control the credit risk profile within the Bank's approved risk appetite. All primary lending credit limits are set and exposures measured on the basis of risk weighting in order to best estimate exposure at default (EAD). Pre-settlement counterparty credit risk counterparty credit risk (CCR) inherent in trading book exposures is measured on a potential future exposure (PFE) basis, modelled at a defined level of confidence, using approved methodologies and models, and controlled within explicit approved limits for the counterparties concerned.

Credit risk mitigation

Wherever warranted, the Group will attempt to mitigate credit risk, including counterparty credit risk (CCR) to any counterparty, transaction, sector, or geographic region, so as to achieve the optimal balance between risk, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support, and the distribution of risk.

Collateral, parental guarantees, credit derivatives and on- and off- balance sheet netting are widely used to mitigate credit risk.

Credit risk mitigation policies and procedures ensure that risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used. In the case of collateral where the Group has an unassailable legal title, the Group's policy is such that collateral is required to meet certain criteria for recognition in loss given default (LGD) modelling, including:

- is readily marketable and liquid
- is legally perfected and enforceable
- has a low valuation volatility
- is readily realisable at minimum expense
- has no material correlation to the obligor credit quality
- has an active secondary market for resale.

The main types of collateral obtained by the Group for its banking book exposures include:

- mortgage bonds over residential, commercial and industrial properties
- cession of book debts
- bonds over plant and equipment
- the underlying movable assets financed under leases and
- instalment sales.

Reverse repurchase agreements and commodity leases to customers are collateralised by the underlying assets.

Guarantees and related legal contracts are often required, particularly in support of credit extension to groups of companies and weaker obligors. Guarantors include banks, parent companies, shareholders and associated obligors. Creditworthiness is established for the guarantor as for other obligor credit approvals.

For trading and derivatives transactions where collateral support is considered necessary, the Group typically uses internationally recognised and enforceable International Swaps and Derivatives Association (ISDA) agreements, with a credit support annexure (CSA). Netting agreements, such as collateral under the CSA of an ISDA agreement, are only obtained where the Group firstly, has a legally enforceable right to offset credit risk by way of such an agreement, and secondly, where the Group has the intention of utilising such agreement to settle on a net basis.

Other credit protection terms may be stipulated, such as limitations on the amount of unsecured credit exposure acceptable, collateralisation if the mark-to-market credit exposure exceeds acceptable limits, and termination of the contract if certain credit events occur, for example, downgrade of the counterparty's public credit rating.

ECL is provided even if the exposure is fully covered by collateral.

Wrong-way risk arises in transactions where the likelihood of default (i.e., the probability of default (PD) by a counterparty and the size of credit exposure (as measured by EAD) to that counterparty tend to increase at the same time. This risk is managed both at an individual counterparty level and at an aggregate portfolio level by limiting exposure to such transactions, taking adverse correlation into account in the measurement and mitigation of credit exposure and increasing oversight and approval levels.

The Group has no appetite for wrong-way risk arising where the correlation between EAD and PD is due to a legal, economic, strategic or similar relationship (i.e., specific wrong-way risk). General wrong-way risk, which arises when the correlation between EAD and PD for the counterparty, due mainly to macro factors, is closely managed within existing risk frameworks.

To manage actual or potential portfolio risk concentrations in areas of higher credit risk and credit portfolio growth, the Group implements hedging and other strategies from time-to-time. This is done at individual counterparty, sub-portfolio and portfolio levels through the use of syndication, distribution and sale of assets, asset and portfolio limit management, credit derivatives and credit protection.

Credit portfolio characteristics and metrics

Maximum exposure to credit risk

Debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure subject to an ECL are analysed and categorised based on credit quality using the Group's master rating scale. Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of the Group's master rating scale. Exposures that are not within 1 to 25 are considered to be in default.

Default

Debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure subject to an ECL are analysed and categorised based on credit quality using the Group's master rating scale. Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of the Group's master rating scale. Exposures that are not within 1 to 25 are considered to be in default.

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Group has not rebutted IFRS 9's 90 days past due rebuttable presumption. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of borrower and/or modification (i.e., known cash flow difficulties experienced by the borrower)
- a breach of contract, such as default or delinquency in interest and/or principal payments
- disappearance of active market due to financial difficulties
- it becomes probable that the borrower will enter bankruptcy or another financial reorganisation.
- where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider.

Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties
- Charges over business assets such as premises, inventory, and accounts receivable
- Charges over financial instruments such as debt securities and equities

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit losses, the Group may seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments..

Derivatives

The Group maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e., assets where their fair value is positive), which in relation to derivatives is a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

ECL coverage

The table below shows composition of loans between stage 1, 2 and 3 and the percentage of provisions under each stage.

	2024		2023	
	Loans & advances %	Coverage ratio	Loans & advances %	Coverage ratio
Stage 1	**92.4**	**0.8**	93.3	0.7
Stage 2	**6.2**	**15.1**	4.1	16.2
Stage 3	**1.4**	**72.5**	2.6	72.6
	100.0		100.0	

The following table provides information regarding credit risk exposures relating to assets included on the statement of financial position:

	2024 USh's' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Balances with Bank of Uganda	**781,038,338**	629,013,039	**-**	-
Loans and advances to banks and related parties	**1,542,364,011**	548,034,555	**242,228,576**	23,928,038
Investment securities				
Treasury bonds -FVOCI	**586,048,224**	664,484,826	**-**	-
Treasury bonds - Amortised cost	**51,158,732**	113,196,730	**-**	-
Treasury bills - FVOCI	**449,946,416**	414,305,699	**-**	-
Treasury bills - Amortised cost	**32,272,716**	29,006,725	**22,386,226**	20,306,639
Pledged assets	**3,099,477**	4,661,138	**-**	-
Loans and advances to customers				
Mortgage lending	**363,580,522**	340,532,636	**-**	-
Vehicle and asset finance	**115,226,587**	110,474,195	**-**	-
Card and payments	**4,590,717**	3,852,669	**-**	-
Personal unsecured lending	**1,259,778,554**	1,123,175,201	**-**	-
Business and other lending	**604,550,510**	538,379,759	**-**	-
Corporate lending	**1,732,599,316**	1,718,084,809	**-**	-
Sovereign lending	**293,427,830**	390,623,220	**-**	-
Trading assets				
Treasury bonds	**939,175,018**	814,930,215	-	-
Treasury bills	**472,332,254**	964,007,606	**-**	-
Pledged assets	**52,280,990**	-	**-**	-
Derivative assets	**99,818,442**	99,208,570	**-**	-
Other financial assets	**322,674,626**	94,427,516	**3,317,914**	1,429,696
Total on-balance sheet credit exposure	**9,705,963,280**	8,600,399,108	**267,932,716**	45,664,373

Credit risk exposures relating to assets not on the statement of financial position are as follows:

	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Acceptance and letters of credit	**98,574,949**	252,912,052	**-**	**-**
Financial guarantees	**2,002,477,684**	1,845,239,598	**-**	**-**
Commitments to extend credit	**1,725,657,428**	1,863,438,384	**-**	-
Total on and off-balance sheet exposure	**3,826,710,061**	3,961,590,034	**-**	-
Total on and off-balance sheet exposure	**13,532,673,341**	12,561,989,142	**268,024,768**	45,756,944

*Prepayments are excluded as they are not financial assets.

The above table represents a worst-case scenario of credit risk exposure to the Group at 31 December 2024 and 2023, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

The table below shows unsecured loans and the collateral for the secured loans as at 31 December.

As at 31 December 2024 GROUP	Customer loans UShs' 000	Netting off agreements UShs' 000	Exposure after netting off UShs' 000	Collateral coverage 0-50% UShs' 000	51-100% UShs' 000	Over 100% UShs' 000	Total UShs' 000
Secured loans	1,423,860,317	3,454,339	1,420,405,978	485,073,781	464,058,051	471,274,146	1,420,405,978
Unsecured loans	2,949,893,719	-	2,949,893,719	-	-	-	-
	4,373,754,036	3,454,339	4,370,299,697	485,073,781	464,058,051	471,274,146	1,420,405,978

As at 31 December 2023 GROUP	Customer loans UShs' 000	Netting off agreements UShs' 000	Exposure after netting off UShs' 000	Collateral coverage 0-50% UShs' 000	51-100% UShs' 000	Over 100% UShs' 000	Total UShs' 000
Secured loans	1,424,546,409	1,193,633	1,423,352,776	562,140,117	368,872,410	492,340,249	1,423,352,776
Unsecured loans	2,800,576,080	-	2,800,576,080	-	-	-	-
	4,225,122,489	1,193,633	4,223,928,856	562,140,117	368,872,410	492,340,249	1,423,352,776

Management remains confident in its ability to continue to control the exposure of credit risk to the Bank resulting from both its loan and advances portfolio and debt securities based on the following:

- 92.4% and 6.2% of the loans and advances portfolio are categorised in stage 1 and stage 2, respectively (2023: 93.4% stage 1 and 4.1% stage 2).
- Mortgage loans are backed by collateral.
- All investment securities and trading assets held by the Group are issued by the Bank of Uganda on behalf of the Government of Uganda.

Collateral

The table below shows the financial effect that collateral has on the Group's maximum exposure to credit risk. The table is presented according to Basel asset categories and includes collateral that may not be eligible for recognition under Basel, but that management takes into consideration in the management of the Group's exposures to credit risk. All on- and off-balance sheet exposures that are exposed to credit risk, including NPL, have been included.

Collateral includes:

- securities that have a tradable market, such as shares and other securities
- physical items, such as property, plant and equipment
- financial guarantees, suretyships and intangible assets.

Netting agreements, which do not qualify for offset under IFRS but which are nevertheless enforceable, are included as part of the Group's collateral for risk management purposes.

All exposures are presented before the effect of any impairment provisions.

For the year ended 31 December 2024	Total exposure UShs' 000	Secured exposure UShs' 000	Netting agreements UShs' 000	Secured exposure after netting UShs' 000
Corporate	6,344,925,275	495,340,349	-	495,340,349
Sovereign	2,881,542,431	-	-	-
Bank	376,777,407	-	-	-
Retail	2,467,364,823	999,800,410	3,454,339	996,346,071
Retail mortgage	392,704,684	392,704,684	-	392,704,684
Other retail	2,074,660,139	607,095,726	3,454,339	603,641,387
Total	12,070,609,936	1,495,140,759	3,454,339	1,491,686,420
Add: Financial assets not exposed to credit risk	2,269,484,508			
Less: Impairment for loans and advances to banks and customers	(131,470,685)			
Less: Unrecognised off-balance sheet items	(4,502,660,479)			
Total exposure	9,705,963,280			
Balances with Bank of Uganda	781,038,338			
Derivative assets	99,818,442			
Trading assets	1,411,507,272			
Pledged assets	55,380,467			
Financial investments	1,119,426,088			
Loans and advances to banks	376,592,468			
Loans and advances to customers	4,373,754,036			
Amounts due from group companies	1,173,660,878			
Other financial assets	314,785,291			
Total exposure	9,705,963,280			

2023	Total exposure UShs' 000	Secured exposure UShs' 000	Netting agreements UShs' 000	Secured exposure after netting UShs' 000
Corporate	6,943,514,837	487,960,728	-	487,960,728
Sovereign	3,398,180,840	-	-	-
Bank	240,797,041	-	-	-
Retail	2,250,917,867	1,027,797,934	1,193,633	1,026,604,301
Retail mortgage	357,286,250	357,286,250	-	357,286,250
Other retail	1,893,631,617	670,511,684	1,193,633	669,318,051
Total	12,833,410,585	1,515,758,662	1,193,633	1,514,565,029
Add: Financial assets not exposed to credit risk	1,030,889,860			
Less: Impairments for loans and advances	(145,706,938)			
Less: Unrecognised off balance sheet items	(5,118,194,399)			
Total exposure	8,600,399,108			
Balances with Bank of Uganda	629,013,039			
Derivative assets	99,208,570			
Trading assets	1,778,937,821			
Pledged assets	4,661,138			
Financial investments	1,220,993,980			
Loans and advances to banks	240,585,250			
Loans and advances to customers	4,225,122,489			
Amounts due from group companies	330,064,839			
Other financial assets	71,811,982			
Total exposure	8,600,399,108			

Loans and advances are summarised as follows:

GROUP	2024 Loans and advances to customers UShs'000	2024 Loans and advances to banks UShs'000	2023 Loans and advances to customers UShs'000	2023 Loans and advances to banks UShs'000
Stage 1	**4,132,735,813**	**376,777,407**	4,067,310,307	240,686,436
Stage 2	**302,521,546**	**-**	189,641,732	110,605
Stage 3	**69,782,423**	**-**	113,665,597	-
Gross loans and advances	**4,505,039,782**	**376,777,407**	4,370,617,636	240,797,041
Allowances for impairment	**(131,285,746)**	**(184,939)**	(145,495,147)	(211,791)
	4,373,754,036	**376,592,468**	4,225,122,489	240,585,250

The allowance for impairment are summarised per segment as follows:

GROUP	31 December 2024 Loans and advances to customers UShs'000	31 December 2024 Loans and advances to banks UShs'000	31 December 2023 Loans and advances to customers UShs'000	31 December 2023 Loans and advances to banks UShs'000
PPB and BCB loans				
Mortgage lending	**30,490,664**	**-**	14,452,233	-
Instalment sales and finance Leases	**6,525,719**	**-**	13,605,007	-
Card debtors	**784,677**	**-**	1,514,819	-
Other loans and advances	**81,838,537**	**-**	105,116,551	-
Corporate and Investment Banking				
Corporate lending	**11,646,149**	**184,939**	10,806,537	211,791
	131,285,746	**184,939**	145,495,147	211,791

The total impairment provision for loans and advances to customers is UShs 131,286 million (2023: UShs 145,495 million) of which UShs 50,602 million is stage 3 impairment (2023: UShs 82,484 million). Further information on the impairment allowance for loans and advances to banks and to customers is provided in Notes 20 and 21.

The table below illustrates the credit risk for debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure as per the Group's master rating scale.

		SB 1-12	SB 13 - 20		SB 21- 25		Default						
For the year ended 31 December 2024	**Total Gross Carrying Amounts Ushs'000**	**Stage 1 Ushs'000**	**Stage 1 Ushs'000**	**Stage 2 Ushs'000**	**Stage 1 Ushs'000**	**Stage 2 Ushs'000**	**Stage 3 Ushs'000**	**Total gross carrying amount of default exposures Ushs'000**	**Securities and expected recoveries on default exposures Ushs'000**	**Interest in suspense on default exposures Ushs'000**	**Balance sheet impairments for non performing specifically impaired loans (Stage 3 and purchased or originated credit impaired) Ushs'000**	**Gross specific impairment coverage %**	**Non-performing exposures (%)**
Loans and advances at amortised cost													
PBB													
Mortgage loans	389,121,058	-	222,425,022	-	-	160,299,249	6,396,787	6,396,787	2,621,201	244,778	3,530,808	59%	2%
Vehicle and asset finance	121,752,306	-	111,283,165	-	-	3,383,977	7,085,164	7,085,164	2,680,367	199,266	4,205,531	62%	6%
Card debtors	5,375,396	-	3,422,806	-	-	1,677,369	275,221	275,221	-	-	275,221	100%	5%
Other loans and advances	1,951,117,727	-	1,809,762,880	-	-	85,329,596	56,025,251	56,025,251	13,877,885	1,653,061	40,494,305	75%	3%
Personal unsecured lending	1,297,815,535	-	1,213,867,902	-	-	53,848,217	30,099,416	30,099,416	9,658,041	297,517	20,143,858	68%	2%
Business lending and other	653,302,192	-	595,894,978	-	-	31,481,379	25,925,835	25,925,835	4,219,844	1,355,544	20,350,447	84%	4%
CIB								-				-	-
Corporate	1,742,444,691	567,995,477	1,122,617,859	51,831,355	-	-	-	-	-	-	-	0%	0%
Sovereign	295,228,604	-	295,228,604	-	-	-	-	-	-	-	-	-	-
Bank	376,777,407	-	376,777,407		-	-	-	-	-	-	-	-	-
Other service								-	-			-	-
Gross carrying amount	4,881,817,189	567,995,477	3,941,517,743	51,831,355	-	250,690,191	69,782,423	69,782,423	19,179,453	2,097,105	48,505,865	73%	1%
Less: Total expected credit losses for loans and advances	(131,470,685)												
Net carrying amount of loans and advances measured at amortised cost	4,750,346,504	567,995,477	3,941,517,743	51,831,355	-	250,690,191	69,782,423	69,782,423	19,179,453	2,097,105	48,505,865	73%	1%
Financial investments at amortised cost													
Sovereign	83,502,498	83,502,498											
Gross carrying amount	83,502,498	83,502,498											
Less: ECL for financial investments measured at amortised cost	(71,050)	(71,050)											
Net carrying amount of financial investments measured at amortised cost	83,431,448	83,431,448											
Debt financial investments at fair value through OCI													
Sovereign	1,032,566,980	1,032,566,980											
Gross carrying amount	1,032,566,980	1,032,566,980											
Add: Fair value reserve ralating to fair value adjustments (before the ECL balance)	3,427,660	3,427,660											
Total financial investment at fair value through OCI	1,035,994,640	1,035,994,640											
Off-balance sheet exposures													
Letters of credit and banker's acceptances	98,648,670	6,179,777	92,468,893	-	-	-	-						
Guarantees	2,005,799,611	1,313,292,283	687,217,074	3,234,957	2,055,297	-	-						
Irrevocable unutilised facilities	1,725,657,428	1,725,657,428	-	-	-	-	-						
Total exposure to off-balance sheet credit risk	3,830,105,709	3,045,129,488	779,685,967	3,234,957	2,055,297	-	-						
Expected credit losses for off-balance sheet exposures	(3,395,648)												
Net carrying amount of off-balance sheet exposures	3,826,710,061	3,045,129,488	779,685,967	3,234,957	2,055,297	-	-						
Total exposure to credit risk on financial assets subject to an expected credit loss	9,696,482,653	4,732,551,053	4,721,203,710	55,066,312	2,055,297	250,690,191	69,782,423	69,782,423	19,179,453	2,097,105	48,505,865	73%	1%
Add the following other banking activities exposures:													
Cash and balances with the central bank	781,038,338	781,038,338											
Derivative assets	99,818,442	99,818,442											
Trading assets	1,411,507,272	1,411,507,272											
Pledged assets	55,380,467	55,380,467											
Due from group companies	1,173,660,878	1,173,660,878											
Other financial assets	314,785,291	314,785,291											
Total exposure to credit risk	13,532,673,341	8,513,361,274	4,721,203,710	55,066,312	2,055,297	250,690,191	69,782,423	69,782,423	19,179,453	2,097,105	48,505,865	73%	1%

1 The ECL on unutilised facilities is included in the ECL for loans and advances.
2 Balances with the central bank are classified as FVTPL. These balances are subject to the rigorous regulatory requirements of these transactions and its link to the underlying entity's ability to operate as a bank.
3 Due to the short-term nature of these assets and historical experience, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

The table below illustrates the credit risk for debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure as per the Group's master rating scale (continued)

		SB 1-12	SB 13 - 20		SB 21- 25		Default						
For the year ended 31 December 2023	Total Gross Carrying Amounts Ushs'000	Stage 1 Ushs'000	Stage 1 Ushs'000	Stage 2 Ushs'000	Stage 1 Ushs'000	Stage 2 Ushs'000	Stage 3 Ushs'000	Total gross carrying amount of default exposures Ushs'000	Securities and expected recoveries on default exposures Ushs'000	Interest in suspense on default exposures Ushs'000	Balance sheet expected credit loss on default exposures Ushs'000	Gross default coverage (%)	Non-performing exposures (%)
Loans and advances at amortised cost													
PBB													
Mortgage loans	350,034,744	-	325,193,665	-	-	18,196,059	6,645,020	6,645,020	2,958,227	-	3,686,793	55%	2%
Vehicle and asset finance	124,079,202	-	97,882,469	-	-	14,341,646	11,855,087	11,855,087	2,129,758	-	9,725,329	82%	10%
Card debtors	5,367,489	-	2,277,320	-	-	2,857,239	232,930	232,930	-	-	232,930	100%	4%
Other loans and advances	1,771,621,638	-	1,527,773,041	-	-	148,916,037	94,932,560	94,932,560	26,093,425	1,797,874	67,041,261	73%	5%
Personal unsecured lending	1,127,666,017	-	1,040,653,655	-	-	68,280,300	18,732,062	18,732,062	17,251,575	1,439,312	41,175	8%	2%
Business lending and other	643,955,621	-	487,119,386	-	-	80,635,737	76,200,498	76,200,498	8,841,850	358,562	67,000,086	88%	12%
CIB								-				-	-
Corporate	1,725,739,609	579,223,219	1,137,191,522	5,330,751	3,994,117	-	-	-	(2)	-	2	0%	0%
Sovereign	393,774,954	-	393,774,954	-	-	-	-	-	-	-	-	-	-
Bank	240,797,041	120,040,240	120,646,196	110,605	-	-	-	-	-	-	-	-	-
Other service								-	-			-	-
Gross carrying amount	4,611,414,677	699,263,459	3,604,739,167	5,441,356	3,994,117	184,310,981	113,665,597	113,665,597	31,181,408	1,797,874	80,686,315	73%	2%
Less: Total expected credit losses for loans and advances	(145,706,938)												
Net carrying amount of loans and advances measured at amortised cost	4,465,707,739	699,263,459	3,604,739,167	5,441,356	3,994,117	184,310,981	113,665,597	113,665,597	31,181,408	1,797,874	80,686,315	73%	3%
Financial investments at amortised cost													
Sovereign	142,405,687	142,405,687											
Gross carrying amount	142,405,687	142,405,687											
Less: ECL for financial investments measured at amortised cost	(202,232)	(202,232)											
Net carrying amount of financial investments measured at amortised cost	142,203,455	142,203,455											
Financial investments at fair value through OCI													
Sovereign	1,084,651,776	1,084,651,776											
Gross carrying amount	1,084,651,776	1,084,651,776											
Add: Fair value reserve ralating to fair value adjustments (before the ECL balance)	(5,861,251)	(5,861,251)											
Total financial investment at fair value through OCI	1,078,790,525	1,078,790,525											
Off-balance sheet exposures													
Letters of credit and banker's acceptances	253,159,330	211,899,435	41,259,895	-	-	-	-						
Guarantees	1,847,564,487	1,579,960,679	246,382,952	21,220,856	-	-	-						
Irrevocable unutilised facilities	1,863,438,384	1,863,438,384	-	-	-	-	-						
Total exposure to off-balance sheet credit risk	3,964,162,201	3,655,298,498	287,642,847	21,220,856	-	-	-						
Expected credit losses for off-balance sheet exposures	(2,595,111)												
Net carrying amount of off-balance sheet exposures	3,961,567,090	3,655,298,498	287,642,847	21,220,856	-	-	-						
Total exposure to credit risk on financial assets subject to an expected credit loss	9,648,268,809	5,575,555,937	3,892,382,014	26,662,212	3,994,117	184,310,981	113,665,597	113,665,597	31,181,408	1,797,874	80,686,315	73%	3%
Add the following other banking activities exposures:													
Cash and balances with the central bank	629,013,039	629,013,039											
Derivative assets	99,208,570	99,208,570											
Trading assets	1,778,937,821	1,778,937,821											
Pledged assets	4,684,082	4,684,082											
Due from group companies	330,064,839	330,064,839											
Other financial assets	71,811,982	71,811,982											
Total exposure to credit risk	12,561,989,142	8,484,592,188	3,892,382,014	26,662,212	3,994,117	184,310,981	113,665,597	113,665,597	31,181,408	1,797,874	80,686,315	73%	1%

1 The ECL on unutilised facilities is included in the ECL for loans and advances.
2 Balances with the central bank are classified as FVTPL. These balances are subject to the rigorous regulatory requirements of these transactions and its link to the underlying entity's ability to operate as a bank.
3 Due to the short-term nature of these assets and historical experience, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

Loans and advances to banks

The total gross amount of stage 3 loans and advances to banks as at 31 December 2024 was Nil (2023: nil). No collateral is held by the Group against loans and advances to banks.

Other financial assets

There are no other financial assets in stage 3 (2023: nil). No collateral is held by the Group against other financial assets.

Concentrations of risk of financial assets with credit risk exposure

Concentration risk is the risk of loss arising from an excessive concentration of exposure to a single counterparty, an industry, a product, a geography, maturity, or collateral. The Group's credit risk portfolio is well-diversified. The Group's management approach relies on the reporting of concentration risk along key dimensions, the setting of portfolio limits and stress testing. The Group's credit risk portfolio is concentrated within Uganda.

The Group's credit concentration

As at 31 December 2024 the Group had no customer with an aggregate amount exceeding twenty five percent of the Group's core capital extended to a single person or group of related persons on balance sheet exposures (2023: Nil).

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorized by the industry sectors of our counterparties.Concentrations of risk of government securities and loans and advances to banks and customers.

As at 31 December 2024	Sovereign	Financial institutions USh's' 000	Manufacturing USh's' 000	Agriculture USh's' 000	Transport USh's' 000	Individuals USh's' 000	Others USh's' 000	Total USh's' 000
Financial investments - FVOCI (note 17)	**1,035,994,640**	**-**	**-**	**-**	**-**	**-**	**-**	**1,035,994,640**
Financial investments - amortised cost (note 17)	**83,431,448**	**-**	**-**	**-**	**-**	**-**	**-**	**83,431,448**
Pledged assets (Note 19)	**55,380,467**	**-**	**-**	**-**	**-**	**-**	**-**	**55,380,467**
Loans and advances to banks (Note 20)	**-**	**376,592,468**	**-**	**-**	**-**	**-**	**-**	**376,592,468**
Loans and advances to customers (Note 21)	**293,427,830**	**922,669,401**	**371,450,860**	**385,503,036**	**78,186,940**	**1,256,521,001**	**1,065,994,968**	**4,373,754,036**
	1,468,234,385	**1,299,261,869**	**371,450,860**	**385,503,036**	**78,186,940**	**1,256,521,001**	**1,065,994,968**	**5,925,153,059**
As at 31 December 2023								
Financial investments - FVOCI (note 17)	1,078,790,525	-	-	-	-	-	-	1,078,790,525
Financial investments - amortised cost (note 17)	142,203,455	-	-	-	-	-	-	142,203,455
Pledged assets (Note 19)	4,661,138	-	-	-	-	-	-	4,661,138
Loans and advances to banks (Note 20)	-	240,585,250	-	-	-	-	-	240,585,250
Loans and advances to customers (Note 21)	390,623,220	632,563,601	352,788,520	432,192,717	55,199,780	1,080,134,734	1,281,619,917	4,225,122,489
	1,616,278,338	873,148,851	352,788,520	432,192,717	55,199,780	1,080,134,734	1,281,619,917	5,691,362,857

(d) Market Risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency, and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Market risk measurement techniques:

Trading book market risk

Definition

Trading book market risk is represented by financial instruments, including commodities, held in the trading book, arising out of normal global markets' trading activity.

Approach to managing market risk in the trading book.

The Group's policy is that all trading activities are undertaken within the Group's global markets operations. The market risk functions are independent of the Group's trading operations and are accountable to the relevant legal entity Asset-Liability Committees (ALCOs). ALCOs have a reporting line into Group ALCO, a subcommittee of Group Leadership Council. All VaR and SVaR limits require prior approval from the respective entity ALCOs. The market risk functions have the authority to set these limits at a lower level. Market risk teams are responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in the market risk governance standard. Exposures and excesses are monitored and reported daily.

Where breaches in limits and triggers occur, actions are taken by market risk functions to bring exposures back in line with approved market risk appetite, with such breaches being reported to management and entity ALCOs.

As part of the management of market risk, the Group's major measurement techniques used to measure and control market risk is Value at Risk and Pv01 (present value at one). The Group applies 'value at risk' methodology (VaR) to its trading and Grouping portfolio, to estimate the market risk of foreign exchange positions held and the maximum losses expected. Management applies Pv01 methodology to it's trading and non-trading portfolios to estimate the market interest rate risk of positions held and the maximum losses that could arise.

The estimates are based upon a number of assumptions for various changes in market conditions. The ALCO sets limits on both the value of risk and Pv01 that may be acceptable for the Group. These are monitored on a daily basis by the Risk Management department.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Group might lose, but only to a lower level of confidence (98%). There is therefore a specified statistical probability (2%) that actual loss could be greater than the VAR estimate. Pv01 is the present value impact of a one basis point move in an interest rate.

The use of these approaches does not prevent losses outside of these limits in the event of more significant market movements. As VaR and Pv01 constitute an integral part of the Group's market risk control regime, limits are established Management annually for all trading and non-trading portfolios. Actual exposure against limits, together with a consolidated Group-wide VaR, is reviewed daily by the Group's risk unit.

The quality of the VaR model is continuously monitored by back- testing the VaR results for trading books. All back-testing exceptions and any exceptional revenues on the profit side of the VaR distribution are investigated.

Market risk measurement techniques

	12 months to 31 December 2024			
12 months to 31 December 2024	**Average UShs' 000**	**Maximum UShs' 000**	**Minimum UShs' 000**	**31 December 2024 UShs' 000**
Interest rate book - Trading	**1,194,737**	**2,076,599**	**902,626**	**902, 624**
Interest rate book - FVOCI	**630,018**	**740,132**	**452,440**	**740,132**
Foreign exchange trading book VAR	**744,715**	**1,479,583**	**286,134**	**1,136,519**

	12 months to 31 December 2023			
12 months to 31 December 2023	**Average UShs' 000**	**Maximum UShs' 000**	**Minimum UShs' 000**	**31 December 2023 UShs' 000**
Interest rate book - Trading	1,136,096	1,486,628	900,302	1,007,211
Interest rate book - Available for sale	1,071,667	1,816,282	426,083	426,083
Foreign exchange risk VAR	791,621	1,623,537	200,368	1,080,250

The UShs traded stable with an appreciation bias in 2024 largely due to sustained inflows from coffee exports, remittances and portfolio investor inflows, which adequately matched demand for foreign currency and consequently capped pressures on the exchange rate. While BOU was a frequent buyer of dollars for reserve build up, the currency closed the year strong at 3670 level despite pickup in dollar demand from oil marketing, telecommunication and manufacturing companies ahead of the new year.

In the interest rate risk environment, BOU gradually hiked the Central Bank Rate (CBR) by 75Bps to 10.25% in April 2024 from 9.5%, holding it until a cutting cycle started in August of 50bps, and saw the CBR close the year at 9.75%. BOU Monetary Policy Committee (MPC) cited that their policy stance was aimed to balance price stability with economic growth by encouraging lower lending rates among commercial Groups. The MPC acknowledged the potential impact of global economic uncertainties on the UShs, while also noting that inflation remained below the inflation target range of 5% (annual average of 3.3%) with a balanced overall risk assessment.

Interbank money market rates rose with a significant rise in the utilization of BOU's Standing Lending Facility (SLF), reflecting tight liquidity conditions that fed into the government securities market. Short end interest rates adjusted higher at year end with the 91-day at 10.0%, 182-day at 13.0% and the 364-day 15.0%. Interest rates for long term securities also rose across all tenors in the primary market with the 3Y at 15.8%, the 10Y at 16.5% and the 20Y at 17.5% levels at the end of the year.

Average normal VaR utilisation for the year on the Interest Rate Trading desk was UShs 1.2 billion representing an increase from 2023 (UShs 1.1 billion) due to increase in government securities investments. On the Forex Trading book, average normal VaR utilisation was UShs 745 million (2023: UShs 791 million) due to drop in foreign exchange flow trading transactions during the year.

Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The ALCO sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The Group has the following significant foreign currency exposure positions (all amounts in millions of Uganda Shillings)

	USD UShs'm	Euro UShs'm	Other UShs'm	Total UShs'm
As at 31 December 2024				
Assets				
Cash and balances with Bank of Uganda	174,387	13,607	7,398	195,392
Loans and advances to banks	285,232	45,825	19,493	350,550
Amounts due from group companies	949,038	192,622	25,707	1,167,367
Loans and advances to customers	841,812	270,141	3,293	1,115,246
Derivative assets	50,835	-	-	50,835
Other assets	2,473	545	29	3,047
Total Assets	**2,303,777**	**522,740**	**55,920**	**2,882,437**
Liabilities:				
Customer deposits	2,548,962	129,240	27,067	2,705,269
Amounts due to banks	145,464	12,541	3,789	161,794
Amounts due to group companies	92,112	96,391	23,741	212,244
Derivative liabilities	101,523	-	-	101,523
Subordinated bonds/debt	75,433	-	-	75,433
Other liabilities	81,778	1,789	3,606	87,173
Total liabilities	**3,045,272**	**239,961**	**58,203**	**3,343,436**
Net statement of financial position	**(741,495)**	**282,779**	**(2,283)**	**(460,999)**
			-	
Net currency forward contracts	(272,993)	-	-	(272,993)
Options, swaps/swap options, securitisations and other derivatives	(399,562)	-	-	(399,562)
Commitments to extend credit	(1,069,434)	-	-	(1,069,434)
Net mismatch	**(2,483,484)**	**282,779**	**(2,283)**	**(2,202,988)**

The Group has the following significant foreign currency exposure positions (all amounts in millions of Uganda Shillings) (continued)

	USD UShs'm	Euro UShs'm	Other UShs'm	Total UShs'm
As at 31 December 2023				
Assets				
Cash and balances with Bank of Uganda	149,384	10,249	5,566	165,199
Loans and advances to banks	33,859	11,725	14,968	60,552
Amounts due from group companies	270,055	94,654	19,661	384,370
Loans and advances to customers	842,261	406,817	-	1,249,078
Derivatives	57,458	-	-	57,458
Other assets	3,983	261	28	4,272
Total Assets	1,357,000	523,706	40,223	1,920,929
Liabilities:				
Customer deposits	2,213,252	187,954	24,360	2,425,566
Amounts due to banks	193,457	13,207	4	206,668
Amounts due to group companies	52,910	147,666	15,869	216,445
Derivative liabilities	57,450	-	-	57,450
Subordinated bonds/debt	77,641	-	-	77,641
Other liabilities	262,453	2,610	3,143	268,206
Total Liabilities	2,857,163	351,437	43,376	3,251,976
Net statement of financial position	(1,500,163)	172,269	(3,153)	(1,331,047)
Net currency forward contracts	(512,962)	-	-	(512,962)
Options, swaps/swap options, securitisations, and other derivatives	(641,070)	-	-	(641,070)
Commitments to extend credit	(1,307,116)	-	-	(1,307,116)
Net mismatch	(3,961,311)	172,269	(3,153)	(3,792,195)

Foreign currency risk sensitivity UShs equivalent

		USD		EUR	
		2024	**2023**	**2024**	**2023**
Total net long/(short) position	millions	**(2,483,484)**	(3,961,311)	**282,779**	172,269
Sensitivity (UGX depreciation)	%	**3**	3	**3**	3
Impact on OCI	millions	**-**	-	**-**	-
Impact on profit or loss	millions	**14,229**	11,258	**1,696**	1,062
Impact on Equity	millions	**9,960**	7,881	**1,187**	743

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies.

Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The ALCO sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily.

The table that follows summarises the Group's exposure to interest rate risk. Included in the table are the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Group does not bear interest rate risk on items not on the statement of financial position.

Interest Rate Risk

	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Non interest bearing UShs'm	Total UShs'm
At 31 December 2024						
Financial asset:						
Cash and balances with Bank of Uganda	-	-	-	-	1,211,168	1,211,168
Financial investments - FVOCI	97,143	270,817	255,180	412,855	-	1,035,995
Other financial investments	-	-	-	-	467	467
Financial investments - amortised cost	-	-	-	-	83,431	83,431
Pledged assets	-	55,380	-	-	-	55,380
Trading assets	84,420	673,335	318,934	334,818	-	1,411,507
Deposits and balances due from other banks	376,592	-	-	-	-	376,592
Amounts due from group companies	1,165,772	-	-	-	7,889	1,173,661
Loans and advances to customers	780,019	738,981	657,892	2,196,862	-	4,373,754
Derivative assets	-	-	-	-	99,819	99,819
Other financial assets	-	-	-	-	314,785	314,785
Total financial assets	2,503,946	1,738,513	1,232,006	2,944,535	1,717,559	10,136,559
Financial liabilities and shareholders' funds:						
Customer deposits	2,802,330	341,745	112,681	10,106	3,840,010	7,106,872
Deposits due to other banks	263,641	-	-	-	-	263,641
Borrowed funds	25,383	1,014	986	34,499	-	61,882
Amounts due to group companies	183,783	-	-	-	46,634	230,417
Derivative liabilities	-	-	-	-	132,890	132,890
Other financial liabilities	-	-	-	-	362,653	362,653
Subordinated bonds / debts	-	-	-	75,433	-	75,433
Total financial liabilities	3,275,137	342,759	113,667	120,038	4,382,187	8,233,788
Shareholders' equity	-		-	-	2,054,992	2,054,992
Total interest repricing gap	(771,191)	1,395,754	1,118,339	2,824,497		

Interest Rate Risk continued

	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Non interest bearing UShs'm	Total UShs'm
At 31 December 2023						
Financial asset:						
Cash and balances with Bank of Uganda	-	-	-	-	1,079,036	1,079,036
Financial investments - FVOCI	198,925	312,623	263,177	304,066	-	1,078,791
Other financial investments	-	-	-	-	187	187
Financial investments - amortised cost	-	-	-	-	142,203	142,203
Pledged assets	-	4,661	-	-	-	4,661
Trading assets	53,169	770,765	659,710	295,294	-	1,778,938
Deposits and balances due from other banks	240,585	-	-	-	-	240,585
Amounts due from group companies	307,449	-	-	-	22,616	330,065
Loans and advances to customers	737,289	706,764	642,121	2,138,948	-	4,225,122
Derivative assets	-	-	-	-	99,209	99,209
Other financial assets	-	-	-	-	71,812	71,812
Total financial assets	1,537,417	1,794,813	1,565,008	2,738,308	1,415,063	9,050,609
Financial liabilities and shareholders' funds:						
Customer deposits	2,101,630	372,032	44,115	4,653	3,810,422	6,332,852
Deposits due to other banks	96,705	-	-	-	-	96,705
Borrowed funds	13,544	-	1,033	2,050	-	16,627
Amounts due to group companies	215,001	-	-	-	28,592	243,593
Derivative liabilities	-	-	-	-	135,160	135,160
Other financial liabilities	-	-	-	-	419,263	419,263
Subordinated bonds / debts	-	-	-	77,641	-	77,641
Total financial liabilities	2,426,880	372,032	45,148	84,344	4,393,437	7,321,841
Shareholders' equity	-	-	-	-	1,881,403	1,881,403
Total interest repricing gap	(889,463)	1,422,781	1,519,860	2,653,964		

Included in other assets and liabilities are non interest bearing assets and liabilities coupled with government securities measured at amortised cost that do not bear interest rate risk.

The Group monitors the sensitivity of net interest income to changes in interest rates.

The sensitivity of net interest income to changes in interest rates for LCY (UGX) is as follows:

	31st December 2024			31st December 2023		
	Change in net interest Income UShs'000	% of net interest income	Impact on Equity UShs'000	Change in net interest Income UShs'000	% of net interest income	Impact on Equity UShs'000
100bps Increase in interest rates	**22,291,147**	**3.3%**	**15,603,803**	20,618,438	3.2%	14,432,907
100bps decrease in interest rates	**(28,516,193)**	**-4.2%**	**(19,961,335)**	(24,206,955)	-3.8%	(16,944,869)

Net Interest Income sensitivity in for FCY(USD) is as follows:

	31st December 2024			31st December 2023		
	Change in net interest Income UShs'000	% of net interest income	Impact on Equity UShs'000	Change in net interest Income UShs'000	% of net interest income	Impact on Equity UShs'000
100bps Increase in interest rates	**4,706,395**	**13.5%**	**3,294,477**	4,478,006	10.1%	3,134,604
100bps decrease in interest rates	**(4,876,820)**	**-14.0%**	**(3,413,774)**	(5,505,228)	-12.4%	(3,853,660)

Interest Rate Risk continued

COMAPNY	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Non interest bearing UShs'm	Total UShs'm
At 31 December 2024						
Financial assets						
Financial investments - amortised cost	-	-	22,386	-	-	22,386
Amounts due from group companies	245,539	-	-	-	-	245,539
Other financial assets	-	-	-	-	7,838	7,838
Total financial assets	245,539	-	22,386	-	7,838	275,763
Financial liabilities						
Amounts due to group companies	201	-	-	-	-	201
Other financial liabilities	-	-	-	-	24,490	24,490
Total financial liabilities	201	-	-	-	24,490	24,691
Shareholders' equity	-	-	-	-	1,150,169	1,150,169
Total interest repricing gap	245,338	-	22,386	-		

COMAPNY	Up to 1 month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1 year UShs'm	Non interest bearing UShs'm	Total UShs'm
At 31 December 2023						
Financial assets						
Financial investments - amortised cost	-	-	20,307	-	-	20,307
Amounts due from group companies	25,357	-	-	-	-	25,357
Other financial assets	-	-	-	-	1	1
Total financial assets	25,357	-	20,307	-	1	45,665
Financial liabilities						
Amounts due to group companies	1,078	-	-	-	-	1,078
Other financial liabilities	-	-	-	-	24,490	24,490
Total financial liabilities	1,078	-	-	-	24,490	25,568
Shareholders' equity					936,167	936,167
Total interest repricing gap	24,279	-	20,307	-		

(e) Liquidity risk

Definition

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are overdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Approach to managing liquidity risk.

The Group is exposed to daily call on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The Asset and Liability Committee (ALCO) team sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Group's liquidity management process, as carried out within the Group and monitored by the Treasury and Capital Management (TCM) team includes:

- Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements; and managing the concentration and profile of debt maturities.
- Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.
- The ALM team within TCM also monitors unmatched medium-term assets, the level and type of un-drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

	2024 UShs'000	2023 UShs'000
Liquid assets to deposit ratio		
Total deposits	**7,106,871,603**	6,332,851,589
Total liquid assets	**4,007,845,844**	3,219,408,904
Liquidity ratio	**56.4%**	50.8%
Regulatory requirement	**20.0%**	20.0%

Internal Liquidity Adequacy Assessment Process, Net Stable Funding Ratio and Liquidity Coverage Ratio.

The new guidelines for Internal Liquidity Adequacy Assessment Process (ILAAP) and the Net Stable Funding Ratio (NSFR), as well as the revised Guideline for the Liquidity Coverage Ratio (LCR), were completed and shared for implementation effective 1st December 2024 under the Financial (Liquidity) Regulations 2023. The prudential weekly liquidity risk return was also revised to incorporate the changes in the guidelines with its implementation effective 1st December 2024. The guidelines are to ensure, the liquidity risk management of financial institutions always facilitate the fulfilment of their payment obligations, even under adverse conditions. The Internal Liquidity Adequacy Assessment Process (ILAAP) would play a key role in the risk management of financial institutions.

Sound, effective and comprehensive ILAAPs comprise a clear assessment of the risks to liquidity and have well-structured risk governance and risk escalation processes based on a well-thought out and thorough risk strategy that is translated into an effective risk limit system. In addition, the Basel Committee on Banking Supervision (BCBS) issued the Basel III rules on liquidity risk measurement, standards, and monitoring on December 16, 2010, which included the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR), the maturity mismatch gap and concentration analysis. These liquidity risk measurement tools ensure that a financial institution has adequate liquidity to meet their payment obligations even in periods of liquidity stress. Accordingly, the Bank of Uganda (BOU), through the Financial Institutions (Liquidity) Regulations 2023, has adopted these Basel III Liquidity Standards with the view to further strengthen liquidity risk management and align with international best practices.

The Group's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) were as follows:

	2024 %	2023 %
Liquid coverage ratio		
Local currency	**176%**	125%
Foreign currency	**309%**	112%
Total currency	**193%**	141%
Regulatory requirement	**100%**	100%
NSFR		
Total currency	**160%**	249%
Regulatory requirement	**100%**	100%

The bank is compliant with the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and maintains sufficient high quality liquid assets to meet its obligations as they fall due. The bank also maintains sufficient stable funding for its investments.

(i) The table that follows presents the undiscounted cash flows payable by the Group under financial liabilities by remaining contractual maturities at the balance sheet date and from financial assets by expected maturity dates. All figures are in millions of Uganda Shillings.

Group	Carrying Amount USh's' m	Gross nominal in/ out flow UShs' m	Up to 1 month UShs' m	2-6 Months UShs' m	7-12 Months UShs' m	1-5 Years UShs' m	Over 5 Years UShs' m
At 31 December 2024							
Liabilities							
Deposits from customers	(7,106,872)	(7,126,462)	(6,616,572)	-	-	(509,890)	-
Deposits from other banks	(263,641)	(263,759)	(211,478)	-	(52,281)	-	-
Amounts due to group companies	(230,417)	(250,290)	(92,258)	-	-	(157,918)	(114)
Derivative liabilities	(132,890)	(132,890)	(479)	(1,318)	(4,433)	(77,536)	(49,124)
Borrowed funds	(61,882)	(63,239)	(1,096)	(1,014)	(986)	(60,143)	-
Subordinated debt	(75,433)	(119,169)	-	(3,499)	(3,499)	(27,994)	(84,177)
Other financial liabilities	(362,653)	(369,614)	(334,952)	(330)	(866)	(31,700)	(1,766)
Total financial liabilities (contractual maturity dates)	(8,233,788)	(8,325,423)	(7,256,835)	(6,161)	(62,065)	(865,181)	(135,181)
Assets							
Cash and bank balances with Bank of Uganda	1,211,168	1,211,168	1,211,168	-	-	-	-
Financial investments - FVOCI	1,035,995	1,168,830	100,000	279,716	280,000	509,114	-
Other financial investments	467	467	-	-	-	-	467
Financial investments - amortised cost	83,431	89,000	32,273	10,572	-	46,155	-
Pledged assets	55,380	60,160	-	3,160	57,000	-	-
Trading assets	1,411,507	1,718,588	86,093	710,282	390,366	390,614	141,233
Loans and advances to banks	376,592	581,439	581,439	-	-	-	-
Amounts due from group companies	1,173,661	1,372,569	610,694	558,366	-	203,509	
Loans and advances to customers	4,373,754	8,596,637	433,574	1,287,923	455,291	2,515,901	3,903,948
Derivative Assets	99,818	99,818	205	15,524	3,772	31,454	48,863
Other financial assets	314,785	314,921	314,921	-	-	-	-
Total financial assets (expected maturity dates)	10,136,558	15,213,597	3,370,367	2,865,543	1,186,429	3,696,747	4,094,511
Liquidity gap	1,902,771	6,888,174	(3,886,468)	2,859,382	1,124,364	2,831,566	3,959,330
Cumulative Liquidity Gap	1,902,771	6,888,174	(3,886,468)	2,859,382	1,124,364	2,831,566	3,959,330
Off-Balance Sheet							
Guarantees	(2,005,800)	(2,005,800)	(114,649)	(396,797)	(478,507)	(1,015,847)	-
Accepted letters of credit	(98,649)	(98,649)	(20,133)	(78,516)	-	-	-
Commitments to extend credit	(1,725,657)	(1,725,657)	(1,725,657)	-	-	-	-
Currency forwards, options and swaps	(672,555)	(672,555)	(341,429)	(138,424)	(206,917)	14,215	-
Total Off-Balance Sheet	(4,502,661)	(4,502,661)	(2,201,868)	(613,737)	(685,424)	(1,001,632)	-
Liquidity gap	(2,599,989)	2,385,513	(6,088,336)	2,245,645	438,940	1,829,934	3,959,330
Cumulative Liquidity Gap		2,385,513	(6,088,336)	(3,842,691)	(3,403,751)	(1,573,817)	2,385,513

The table that follows presents the undiscounted cash flows payable by the Group under financial liabilities by remaining contractual maturities at the balance sheet date and from financial assets by expected maturity dates

Group	Carrying Amount USh s' m	Gross nominal in/ out flow UShs' m	Up to 1 month UShs' m	2-6 Months UShs' m	7-12 Months UShs' m	1-5 Years UShs' m	Over 5 Years UShs' m
At 31 December 2023							
Liabilities							
Deposits from customers	(6,332,852)	(6,368,192)	(5,793,166)	(24)	(687)	(574,315)	-
Deposits from other banks	(96,705)	(96,715)	(96,715)	-	-	-	-
Amounts due to group companies	(243,593)	(244,194)	(67,386)	-	-	(176,808)	-
Derivative liabilities	(135,160)	(135,160)	(344)	(2,445)	(4,726)	(71,858)	(55,787)
Borrowed Funds	(16,627)	(17,514)	(1,708)	-	(1,033)	(14,373)	(400)
Subordinated debt	(77,641)	(111,368)	-	(2,325)	(2,325)	(18,602)	(88,116)
Other financial liabilities	(419,263)	(432,548)	(390,056)	(508)	(2,515)	(34,045)	(5,424)
Total financial liabilities (contractual maturity dates)	(7,321,841)	(7,405,691)	(6,349,375)	(5,302)	(11,286)	(890,001)	(149,727)
Assets							
Cash and bank balances with Bank of Uganda	1,079,036	1,079,036	1,079,036	-	-	-	-
Financial investments - FVOCI	1,078,791	1,441,067	105,000	352,374	587,967	395,726	-
Other financial investments	187	187	-	-	-	-	187
Financial investments - amortised cost	142,203	209,358	-	-	-	140,891	68,467
Pledged assets	4,661	4,777	-	4,777	-	-	-
Trading assets	1,778,938	2,005,315	52,994	809,505	725,148	354,367	63,301
Loans and advances to banks	240,585	240,637	240,637	-	-	-	-
Amounts due from group companies	330,065	337,795	329,905	3,798	-	-	4,092
Loans and advances to customers	4,225,122	6,659,237	291,724	1,367,672	401,456	3,084,748	1,513,637
Derivative Assets	99,209	99,209	343	2,181	3,645	37,464	55,576
Other financial assets	71,812	71,812	71,812	-	-	-	-
Total financial assets (expected maturity dates)	9,050,609	12,148,430	2,171,451	2,540,307	1,718,216	4,013,196	1,705,260
Liquidity gap	1,728,768	4,742,739	(4,177,924)	2,535,005	1,706,930	3,123,195	1,555,533
Cumulative Liquidity Gap	1,728,768	4,742,739	(4,177,924)	(1,642,919)	64,012	3,187,207	4,742,739
Off-Balance Sheet							
Guarantees	(1,847,564)	(1,847,564)	(86,172)	(399,132)	(540,043)	(822,217)	-
Accepted letters of credit	(253,159)	(253,159)	(33,488)	(133,687)	(7,125)	(78,859)	-
Commitments to extend credit	(1,863,438)	(1,863,438)	(1,863,438)	-	-	-	-
Currency forwards, options and swaps	(1,154,032)	(1,154,032)	(192,995)	(135,871)	(645,918)	(179,248)	-
Total Off-Balance Sheet	(5,118,193)	(5,118,193)	(2,176,093)	(668,690)	(1,193,086)	(1,080,324)	-
Liquidity gap	(3,389,425)	(375,454)	(6,354,017)	1,866,315	513,844	2,042,871	1,555,533
Cumulative Liquidity Gap		(375,454)	(6,354,017)	(4,487,702)	(3,973,857)	(1,930,986)	(375,454)

Assets available to meet the liabilities and to cover outstanding loan commitments include cash, balances with Bank of Uganda, items in the course of collection, loans and advances to banks, and loans and advances to customers. The Group would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

The table below analyses the Company's non-derivative financial assets and liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

COMPANY	Carrying Amount Ushs' m	Gross norminal In/ out flow Ushs' m	Up to 1 month Ushs' m	2-6 Months Ushs' m	7-12 Months Ushs' m	1-5 Years Ushs' m	Over 5 Years Ushs' m
At 31 December 2024							
Liabilities							
Amounts due to group companies	**(201)**	**(201)**	**(201)**	**-**	**-**	**-**	**-**
Other financial liabilities	**(30,577)**	**(31,203)**	**(29,979)**	**-**	**-**	**(1,224)**	**-**
Total financial liabilities (contractual maturity dates)	**(30,778)**	**(31,404)**	**(30,180)**	**-**	**-**	**(1,224)**	**-**
Assets							
Financial investments - amortised cost	**22,386**	**22,386**	**22,386**	**-**	**-**	**-**	**-**
Amounts due from group companies	**245,539**	**252,558**	**145,539**	**107,019**	**-**	**-**	**-**
Other financial assets	**8**	**8**	**8**	**-**	**-**	**-**	**-**
Total financial assets (expected maturity dates)	**267,933**	**274,952**	**167,933**	**107,019**	**-**	**-**	**-**
Liquidity gap	**237,155**	**243,548**	**137,753**	**107,019**	**-**	**(1,224)**	**-**
Cumulative Liquidity Gap	**237,155**	**243,548**	**137,753**	**244,772**	**244,772**	**243,548**	**243,548**

COMPANY	Carrying Amount Ushs' m	Gross norminal In/ out flow Ushs' m	Up to 1 month Ushs' m	2-6 Months Ushs' m	7-12 Months Ushs' m	1-5 Years Ushs' m	Over 5 Years Ushs' m
At 31 December 2023							
Liabilities							
Amounts due to group companies	(1,078)	(1,078)	(1,078)	-	-	-	-
Other liabilities	(24,490)	(24,490)	(24,490)	-	-	-	-
Total financial liabilities (contractual maturity dates)	(25,568)	(25,568)	(25,568)	-	-	-	-
Assets							
Financial investments - amortised cost	20,307	20,307	20,307	-	-	-	-
Amounts due from group companies	25,357	25,357	25,357	-	-	-	-
Other Assets	1	1	1	-	-	-	-
Total financial assets (expected maturity dates)	45,665	45,665	45,665	-	-	-	-
Liquidity gap	20,097	20,097	20,097	-	-	-	-
Cumulative Liquidity Gap	20,097	20,097	20,097	20,097	20,097	20,097	20,097

(ii) Maturity analysis

The Group assesses the maturity of assets and liabilities which provides an indication of the remaining contractual life of these assets at that point in time. The following is the maturity analysis for the Group's assets and liabilities as at year-end:

GROUP At 31 December 2024	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1-year UShs'm	Total UShs'm
Asset:					
Cash and balances with Bank of Uganda	1,211,168	-	-	-	1,211,168
Financial investments - FVOCI	97,143	270,817	255,180	412,856	1,035,996
Other financial investments	-	-	-	467	467
Financial investments - amortised cost	-	42,301	-	41,130	83,431
Pledged assets	-	55,380	-	-	55,380
Trading assets	84,420	673,335	318,934	334,818	1,411,507
Deposits and balances due from other banks	376,592	-	-	-	376,592
Amounts due from group companies	1,173,661	-	-	-	1,173,661
Loans and advances to customers	780,019	738,981	657,892	2,196,862	4,373,754
Derivative assets	19,512	31,454	48,852	-	99,818
Deferred tax asset	-	-	-	69,731	69,731
Other assets	311,612	6	43	65,313	376,974
Good will and intangible asset	-	-	-	42,888	42,888
Property, equipment, and right-of-use assets	-	-	-	82,434	82,434
Total assets	4,054,127	1,812,274	1,280,901	3,246,499	10,393,801
Liabilities:					
Customer deposits	6,642,340	341,745	112,681	10,106	7,106,872
Deposits due to other banks	263,641	-	-	-	263,641
Borrowed funds	25,383	1,014	986	34,499	61,882
Amounts due to group companies	230,417	-	-	-	230,417
Derivative liabilities	495	120	5,615	126,660	132,890
Other liabilities	320,560	23,899	9,186	101,266	454,911
Subordinated debt	-	-	-	75,433	75,433
Current tax liabilities	12,763	-	-	-	12,763
Total liabilities	7,495,599	366,778	128,468	347,964	8,338,809
Net liquidity gap	(3,441,472)	1,445,496	1,152,433	2,898,535	2,054,992
Cumulative liquidity gap	(3,441,472)	(1,995,976)	(843,543)	2,054,992	-
Off-balance sheet					
Guarantees	114,649	396,797	478,507	1,015,847	2,005,800
Acceptances and letters of credit	20,133	78,516	-	-	98,649
Commitments to extend credit	1,725,657	-	-	-	1,725,657
Currency forwards, options and swaps	341,429	138,424	206,917	(14,215)	672,555
Total off-balance sheet	2,201,868	613,737	685,424	1,001,632	4,502,661
Net liquidity gap	(5,643,340)	(2,609,713)	(1,528,967)	1,053,360	(8,728,660)
Net cumulative liquidity gap	(5,643,340)	(8,253,053)	(9,782,020)	(8,728,660)	-

Maturity analysis (continued)

GROUP	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1-year UShs'm	Total UShs'm
At 31 December 2023					
Asset:					
Cash and balances with Bank of Uganda	1,079,036	-	-	-	1,079,036
Financial investments - FVOCI	198,925	312,623	263,177	304,066	1,078,791
Other financial investments	-	-	-	187	187
Financial investments - amortised cost	-	29,007	-	113,196	142,203
Pledged assets	-	4,661	-	-	4,661
Trading assets	53,169	770,765	659,710	295,294	1,778,938
Loans and advances to other banks	240,585	-	-	-	240,585
Amounts due from group companies	330,065	-	-	-	330,065
Loans and advances to customers	737,289	706,764	642,121	2,138,948	4,225,122
Derivative assets	6,289	37,464	55,456	-	99,209
Deferred tax asset	-	-	-	59,371	59,371
Other assets	2,976	-	86,186	39,611	128,773
Goodwill and intangible assets	-	-	-	52,775	52,775
Property and equipment	-	-	-	83,683	83,683
Total assets	2,648,334	1,861,284	1,706,650	3,087,131	9,303,399
Liabilities:					
Customer deposits	5,912,052	372,032	44,115	4,653	6,332,852
Deposits from other banks	96,705	-	-	-	96,705
Borrowed funds	13,544	-	1,033	2,050	16,627
Amounts due to group companies	243,593	-	-	-	243,593
Derivative liabilities	279	668	6,378	127,835	135,160
Other liabilities	137,641	-	198,049	161,739	497,429
Subordinated debt	-	-	-	77,641	77,641
Current tax liabilities	21,989	-	-	-	21,989
Total liabilities	6,425,803	372,700	249,575	373,918	7,421,996
Net liquidity gap	(3,777,469)	1,488,584	1,457,075	2,713,213	1,881,403
Cumulative liquidity gap	(3,777,469)	(2,288,885)	(831,810)	1,881,403	-
Off-balance sheet					
Guarantees and performance bonds	86,172	399,132	540,043	822,217	1,847,564
Acceptances and letters of credit	33,488	133,687	7,125	78,859	253,159
Commitments to extend credit	1,863,438	-	-	-	1,863,438
Currency forwards, options and swaps	192,994	135,871	645,918	179,249	1,154,032
Total off-balance sheet	2,176,092	668,690	1,193,086	1,080,325	5,118,193
Net liquidity gap	(5,953,561)	(2,957,575)	(2,024,896)	801,078	(10,134,954)
Net cumulative liquidity gap	(5,953,561)	(8,911,136)	(10,936,032)	(10,134,954)	-

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for Groups ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

(ii) Maturity analysis continued

COMPANY	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1-year UShs'm	Total UShs'm
At 31 December 2024					
Asset:					
Financial investments - amortised cost	-	-	22,386	-	22,386
Amounts due from group companies	245,539	-	-	-	245,539
Investment in subsidiaries	-	-	-	904,127	904,127
Other assets	-	-	-	100	100
Current income tax recoverable	-	-	-	6,222	6,222
Deferred tax assets	-	-	-	4,586	4,586
Property and equipment	-	-	-	1,722	1,722
Total assets	245,539	-	22,386	916,757	1,184,682
Liabilities:					
Amounts due to group companies	201	-	-	-	201
Other liabilities	29,874	-	4,439	-	34,313
Total liabilities	30,075	-	4,439	-	34,514
Net liquidity gap	215,464	-	17,947	916,757	1,150,168
Cumulative liquidity gap	215,464	215,464	233,411	1,150,168	-

COMPANY	Up to 1-month UShs'm	1 - 6 months UShs'm	6 - 12 months UShs'm	Over 1-year UShs'm	Total UShs'm
At 31 December 2023					
Asset:					
Financial investments - amortised cost	-	-	20,307	-	20,307
Amounts due from group companies	25,357	-	-	-	25,357
Investment in subsidiaries	-	-	-	903,127	903,127
Other assets	-	-	-	94	94
Current income tax recoverable	-	-	-	5,851	5,851
Deferred tax assets	-	-	-	9,455	9,455
Property and equipment	-	-	-	735	735
Total assets	25,357	-	20,307	919,262	964,926
Liabilities:					
Amounts due to group companies	1,078	-	-	-	1,078
Other liabilities	24,403	-	3,277	-	27,680
Total liabilities	25,481	-	3,277	-	28,758
Net liquidity gap	(124)	-	17,030	919,262	936,168
Cumulative liquidity gap	(124)	(124)	16,906	936,168	-

Maturity of discounted contractual cash flows for lease liabilities

At 31 December 2024 GROUP	Up to 1-month Ushs'm	1 - 6 months Ushs'm	6 - 12 months Ushs'm	Over 1 year Ushs'm	Total Ushs'm
Buildings	249	84	3,809	6,937	11,079
Branches	-	293	887	9,277	10,457
ATM Spaces and others	534	213	219	5,469	6,435
Total	783	590	4,915	21,683	27,971

At 31 December 2023 GROUP	Up to 1-month Ushs'm	1 - 6 months Ushs'm	6 - 12 months Ushs'm	Over 1 year Ushs'm	Total Ushs'm
Buildings	929	310	796	15,411	17,446
Branches	886	1,088	360	10,236	12,570
ATM Spaces and others	911	851	354	1,601	3,717
Total	**2,726**	**2,249**	**1,510**	**27,248**	**33,733**

Maturity of discounted contractual cash flows for lease liabilities (continued)

At 31 December 2024 COMPANY	Up to 1-month Ushs'm	1 - 6 months Ushs'm	6 - 12 months Ushs'm	Over 1 year Ushs'm	Total Ushs'm
Buildings	-	-	-	598	598
Branches	-	-	-	-	-
ATM Spaces and others	-	-	-	-	-
Total	-	-	-	598	598

At 31 December 2023 COMPANY	Up to 1-month Ushs'm	1 - 6 months Ushs'm	6 - 12 months Ushs'm	Over 1 year Ushs'm	Total Ushs'm
Buildings	-	-	-	-	-
Branches	-	-	-	-	-
ATM Spaces and others	-	-	-	-	-
Total	-	-	-	-	-

(f) Off balance sheet

(i) Loan commitments

The maturity of the Bank's off-balance sheet items that commit it to extend credit to customers and other facilities (Note 36), are summarised in the table below.

(ii) Other financial facilities

Other commitments (Note 36) are also included below based on the earliest contractual maturity timing.

GROUP	Not later than 1 year UShs'000	1 to 5 years UShs'000	Total UShs'000
As at 31 December 2024			
Acceptances and letters of credit	98,648,670	-	98,648,670
Guarantees and performance bonds	989,952,998	1,015,846,613	2,005,799,611
Commitments to extend credit	1,725,657,428	-	1,725,657,428
Currency forwards, options and swaps	672,554,770	-	672,554,770
	3,486,813,866	1,015,846,613	4,502,660,479
As at 31 December 2023			
Acceptances and letters of credit	174,300,173	78,859,157	253,159,330
Guarantees and performance bonds	1,025,347,435	822,217,052	1,847,564,487
Commitments to extend credit	1,863,438,384	-	1,863,438,384
Currency forwards, options and swaps	1,154,032,198	-	1,154,032,198
	4,217,118,190	901,076,209	5,118,194,399

(g) Fair value of financial assets and liabilities

The table below summarises the carrying amounts and fair values of financial assets and liabilities.

	Carrying Value		Fair Value	
	2024	2023	2024	2023
GROUP	UShs'000	UShs'000	UShs'000	UShs'000
Financial assets				
Cash and Balances with Bank of Uganda	**1,211,168,332**	1,079,035,695	**1,211,168,332**	1,079,035,695
Derivative assets	**99,818,442**	99,208,570	**99,818,442**	99,208,570
Trading assets	**1,411,507,272**	1,778,937,821	**1,411,507,272**	1,778,937,821
Pledged assets	**55,380,467**	4,661,138	**55,380,467**	4,661,138
Financial investments-FVOCI and FVPL	**1,036,462,116**	1,078,977,578	**1,036,462,116**	1,078,977,578
Financial investments -amortised cost	**83,431,448**	142,203,455	**83,431,448**	142,203,455
Loans and advances to banks	**376,592,468**	240,585,250	**376,592,468**	240,585,250
Amounts due from group companies	**1,173,660,878**	330,064,839	**1,173,660,878**	330,064,839
Loans and advances to customers	**4,373,754,036**	4,225,122,489	**4,373,754,036**	4,225,122,489
Other financial assets	**314,785,291**	71,811,982	**314,785,291**	71,811,982
Financial liabilities				
Customer deposits	**7,106,871,603**	6,332,851,589	**7,106,871,603**	6,332,851,589
Amounts due to other banks	**263,640,570**	96,704,725	**263,640,570**	96,704,725
Borrowed funds	**61,882,497**	16,627,259	**61,882,497**	16,627,259
Amounts due to group companies	**230,416,933**	243,593,384	**230,416,933**	243,593,384
Subordinated debt	**75,433,169**	77,641,462	**75,433,169**	77,641,462
Derivative liabilities	**132,889,663**	135,159,501	**132,889,663**	135,159,501
Other financial liabilities	**362,652,647**	419,263,273	**362,652,647**	419,263,273

	Carrying Value		Fair Value	
	2024	2023	2024	2023
COMPANY	UShs'000	UShs'000	UShs'000	UShs'000
Financial assets				
Financial investments - Amortised cost	**22,386,226**	20,306,639	**22,386,226**	20,306,639
Amounts due from group companies	**245,538,652**	25,356,747	**245,538,652**	25,356,747
Other financial assets	**7,838**	987	**7,838**	987
Financial liabilities				
Amounts due to group companies	**200,591**	1,078,135	**200,591**	1,078,135
Other financial liabilities	**30,576,910**	24,489,724	**30,576,910**	24,489,724

(h) Fair value hierarchy

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below shows the classification of financial instruments held at fair value into the valuation hierarchy as at 31 December 2024 and 2023.

GROUP 31 December 2024	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Coin and bank notes	430,129,994	-	-	430,129,994
Bank of Uganda cash reserve requirement	781,038,338	-	-	781,038,338
Derivative assets	-	99,818,442	-	99,818,442
Trading assets	-	1,411,507,272	-	1,411,507,272
Pledged assets	-	55,380,467	-	55,380,467
Financial investments - FVOCI	-	1,035,994,640	-	1,035,994,640
Other financial investments	-	-	467,476	467,476
Total financial assets	1,211,168,332	2,602,700,821	467,476	3,814,336,629
Financial liabilities				
Derivative liabilities	-	132,889,663	-	132,889,663
Total financial liabilities	-	132,889,663	-	132,889,663

GROUP 31 December 2023	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Coin and bank notes	450,022,656	-	-	450,022,656
Bank of Uganda cash reserve requirement	629,013,039	-	-	629,013,039
Derivative assets	-	99,208,570	-	99,208,570
Trading assets	-	1,778,937,821	-	1,778,937,821
Pledged assets	-	4,661,138	-	4,661,138
Financial investments - FVOCI	-	1,078,790,525	-	1,078,790,525
Other financial investments	-	-	187,053	187,053
Total financial assets	1,079,035,695	2,961,598,054	187,053	4,040,820,802
Financial liabilities				
Derivative liabilities	-	135,159,501	-	135,159,501
Total financial liabilities	-	135,159,501	-	135,159,501

The balances with Bank of Uganda excluding the cash reserve requirement are classified as financial assets at amortised cost. Coins and bank notes have been classified at fair value through profit or loss - default as the contractual terms do not give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

Sensitivity and interrelationships of inputs

The behaviour of the unobservable parameters used to fair value level 3 assets and liabilities is not necessarily independent and may often hold a relationship with other observable and unobservable market parameters. Where material and possible, such relationships are captured in the valuation by way of correlation factors, though these factors are, themselves, frequently unobservable. In such instances, the range of possible and reasonable fair value estimates is taken into account when determining appropriate model adjustments. Reconciliation of level 3 financial assets measured at fair value

The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 3):

GROUP	2024 UShs' 000	2023 UShs' 000
Opening balance	187,053	176,547
New Share allocation	297,825	-
Gains and losses recognised in profit or loss	(17,402)	10,506
Closing balance	467,476	187,053
Total losses for the period included in profit or loss under other gains/(losses)	(17,402)	10,506

The movement in the other financial investments measured at fair valued (Note 17) is as follows:

31 December 2024 GROUP	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Financial investments - amortised cost	-	83,431,448	-	83,431,448
Loans and advances to banks	-	-	376,592,468	376,592,468
Amounts due from group companies	-	-	1,173,660,878	1,173,660,878
Loans and advances to customers	-	-	4,373,754,036	4,373,754,036
Other financial assets	-	-	314,785,291	314,785,291
Total assets		83,431,448	6,238,792,673	6,322,224,121
Financial liabilities	-	-		
Customer deposits	-	-	7,106,871,603	7,106,871,603
Amounts due to other banks	-	-	263,640,570	263,640,570
Borrowed funds	-	-	61,882,497	61,882,497
Subordinated debt	-	-	75,433,169	75,433,169
Amounts due to group companies	-	-	230,416,933	230,416,933
Other financial liabilities	-	-	362,652,647	362,652,647
Total liabilities	-	-	8,100,897,419	8,100,897,419

31 December 2023 GROUP	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Financial investments - amortised cost	-	142,203,455	-	142,203,455
Loans and advances to banks	-	-	240,585,250	240,585,250
Amounts due from group companies	-	-	330,064,839	330,064,839
Loans and advances to customers	-	-	4,225,122,489	4,225,122,489
Other financial assets	-	-	71,811,982	71,811,982
Total assets	-	142,203,455	4,867,584,560	5,009,788,015
Financial liabilities				
Customer deposits	-	-	6,332,851,589	6,332,851,589
Amounts due to other banks	-	-	96,704,725	96,704,725
Borrowed funds	-	-	16,627,259	16,627,259
Subordinated debt	-	-	77,641,462	77,641,462
Amounts due to group companies	-	-	243,593,384	243,593,384
Other financial liabilities	-	-	419,263,273	419,263,273
Total liabilities	-	-	853,830,103	7,186,681,692

The table below shows items not measured at fair value for which fair value is disclosed.

COMPANY 31 December 2024	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Financial investments - amortised cost	-	22,386,226	-	22,386,226
Amounts due from group companies	-	-	245,538,652	245,538,652
Other financial assets	-	-	7,838	7,838
Total assets	-	22,386,226	245,546,490	267,932,716
Financial liabilities				
Amounts due to group companies	-	-	200,591	200,591
Other financial liabilities	-	-	30,576,910	30,576,910
Total liabilities	-	-	30,777,501	30,777,501

COMPANY 31 December 2023	Level 1 UShs' 000	Level 2 UShs' 000	Level 3 UShs' 000	Total UShs' 000
Financial assets				
Financial investments - amortised cost	-	20,306,639	-	20,306,639
Amounts due from group companies	-	-	25,356,747	25,356,747
Other financial liabilities	-	-	987	987
Total assets	-	20,306,639	25,357,734	45,664,373
Financial liabilities				
Amounts due to group companies	-	-	1,078,135	1,078,135
Other financial liabilities	-	-	24,489,724	24,489,724
Total liabilities	-	-	25,567,859	25,567,859

(i) Classification of financial assets and liabilities

The table below sets out the classification of the Group's assets and liabilities:

GROUP At 31 December 2024	FVTPL Held-for-trading UShs' m	FVTPL Default UShs' m	FVOCI Debt instruments UShs' m	FVOCI Equity instruments UShs' m	Amortised cost UShs' m	Other assets/ liabilities UShs' m	Total carrying amount UShs' m
Assets							
Cash and balances with central banks	-	1,172,550	-	-	38,618	-	1,211,168
Derivative assets	99,818	-	-	-	-	-	99,818
Financial investments	-	467	1,035,996	-	83,431	-	1,119,894
Trading assets	1,411,507	-	-	-	-	-	1,411,507
Pledged assets	-	-	55,380	-	-	-	55,380
Loans and advances to banks	-	-	-	-	376,592	-	376,592
Loans and advances to customers	-	-	-	-	4,373,754	-	4,373,754
Amounts due from group companies	-	-	-	-	1,173,661	-	1,173,661
Other financial assets	-	-	-	-	314,785	-	314,785
Other non-financial assets	-	-	-	-	-	257,242	257,242
	1,511,325	1,173,017	1,091,376	-	6,360,841	257,242	10,393,801
Liabilities							
Derivative liabilities	132,890	-	-	-	-	-	132,890
Deposits from banks	-	-	-	-	263,641	-	263,641
Deposits from customers	-	-	-	-	7,106,872	-	7,106,872
Subordinated debt	-	-	-	-	75,433	-	75,433
Amounts due to group companies	-	-	-	-	230,417	-	230,417
Borrowed funds	-	-	-	-	61,882	-	61,882
Other financial liabilities	-	-	-	-	362,653	-	362,653
Other non-financial liabilities	-	-	-	-	-	105,021	105,021
	132,890	-	-	-	8,100,898	105,021	8,338,809
2023							
Assets							
Cash and balances with central banks	-	1,079,036	-	-	-	-	1,079,036
Derivative assets	99,209	-	-	-	-	-	99,209
Financial investments	-	187	1,078,791	-	142,203	-	1,221,181
Trading assets	1,778,938	-	-	-	-	-	1,778,938
Pledged assets	-	-	4,661	-	-	-	4,661
Loans and advances to banks	-	-	-	-	240,585	-	240,585
Loans and advances to customers	-	-	-	-	4,225,122	-	4,225,122
Amounts due from group companies	-	-	-	-	330,065	-	330,065
Other financial assets	-	-	-	-	71,812	-	71,812
Other non-financial assets	-	-	-	-	-	252,790	252,790
	1,878,147	1,079,223	1,083,452	-	5,009,787	252,790	9,303,399
Liabilities							
Derivative liabilities	135,160	-	-	-	-	-	135,160
Deposits from banks	-	-	-	-	96,705	-	96,705
Deposits from customers	-	-	-	-	6,332,852	-	6,332,852
Subordinated debt	-	-	-	-	77,641	-	77,641
Amounts due to group companies	-	-	-	-	243,593	-	243,593
Borrowed funds	-	-	-	-	16,627	-	16,627
Other financial liabilities	-	-	-	-	419,263	-	419,263
Other non-financial liabilities	-	-	-	-	-	100,155	100,155
	135,160	-	-	-	7,186,681	100,155	7,421,996

The table below sets out the classification of the Company's assets and liabilities:

COMPANY	FVTPL		FVOCI				
	Held-for-trading USh s' m	Default USh s' m	Debt instruments USh s' m	Equity instruments USh s' m	Amortised cost USh s' m	Other assets/ liabilities USh s' m	Total carrying amount USh s' m
2024							
Assets							
Financial investments	-	-	-	-	22,386	-	22,386
Amounts due from group companies	-	-	-	-	245,539	-	245,539
Other financial assets	-	-	-	-	8	-	8
Other non-financial assets	-	-	-	-	-	916,750	916,750
	-	-	-	-	267,933	916,750	1,184,683
Liabilities							
Amounts due to group companies	-	-	-	-	201	-	201
Other financial liabilities	-	-	-	-	30,577	-	30,577
Other non financial liabilities	-	-	-	-	-	3,736	3,736
	-	-	-	-	30,778	3,736	34,514
2023							
Assets							
Financial investments	-	-	-	-	20,307	-	20,307
Amounts due from group companies	-	-	-	-	25,357	-	25,357
Other financial assets	-	-	-	-	1	-	1
Other non-financial assets	-	-	-	-	-	919,261	919,261
	-	-	-	-	45,665	919,261	964,926
Liabilities							
Amounts due to group companies	-	-	-	-	1,078	-	1,078
Other financial liabilities	-	-	-	-	24,490	-	24,490
Other non financial liabilities	-	-	-	-	-	3,190	3,190
	-	-	-	-	25,568	3,190	28,758

4. Segment information

The chief operating decision maker for purposes of segment reporting is the Chief Executive of the Company.

The Bank's operating model is client led and structured around business units, namely: Personal and Private Banking (PPB), Business and Commercial Banking (BCB) and Corporate and Investment Banking (CIB). The business units are responsible for designing and executing the client value proposition. Business units own the client relationship and create multi-product client experiences distributed through the Bank's client engagement platforms. Business unit reporting reflects the reporting responsibility for individual cost centres and divisions across the Bank.

Treasury and Capital Management (TCM) houses unallocated capital, liquidity earnings and central costs and handles the Group's liquidity management.

Personal and Private Banking (PPB)

The PPB business unit offers tailored and comprehensive banking and beyond financial services solutions. The unit serves individual clients across Uganda ranging from wealth and investment to private and personal banking markets by enabling their daily lives throughout their life journeys.

Business and Commercial Banking (BCB)

The BCC segment provides broad based client solutions for a wide spectrum of small- and medium- sized businesses as well as large commercial enterprises. The BCC client coverage support extends across a wide range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by clients to enable their growth.

Corporate and Investment Banking (CIB)

The CIB business unit serves large companies (multinational, regional and domestic), governments, parastatals, and institutional clients across Africa and internationally. The CIB clients leverage the Bank's in-depth sector and regional expertise, specialist capabilities, and access to global capital markets for advisory, transactional, trading and funding support.

Income statement

	Business and Commercial Banking UShs' 000	Personal and Private Banking UShs' 000	Corporate and Investment Banking UShs' 000	Treasury and Capital Management Shs' 000	Other Subsidiaries Shs' 000	Total UShs' 000
Year ended 31 December 2024						
Net Interest income	**225,521,116**	**257,587,439**	**317,983,142**	**46,384,921**	**7,403,186**	**854,879,804**
Fee and commission income	**55,885,348**	**95,952,352**	**42,447,945**	**6,217,026**	**7,549,767**	**208,052,438**
Net trading income	**31,110,157**	**14,271,110**	**170,135,845**	**(59)**	**-**	**215,517,053**
Other income	**602,083**	**11,547,761**	**-**	**802,744**	**2,782,986**	**15,735,574**
Total operating income	**313,118,704**	**379,358,662**	**530,566,932**	**53,404,632**	**17,735,939**	**1,294,184,869**
Impairment losses	**(26,780,692)**	**(9,276,072)**	**1,979,008**	**64,937**	**-**	**(34,012,819)**
Other operating expenses	**(188,913,009)**	**(173,903,859)**	**(191,157,041)**	**(1,608,939)**	**(19,917,495)**	**(575,500,343)**
Profit before tax	**97,425,003**	**196,178,731**	**341,388,899**	**51,860,630**	**(2,181,556)**	**684,671,707**
Income tax expense	**(30,333,896)**	**(61,259,767)**	**(90,476,393)**	**(17,956,971)**	**(6,547,236)**	**(206,574,263)**
Profit after tax	**67,091,107**	**134,918,964**	**250,912,506**	**33,903,659**	**(8,728,792)**	**478,097,444**
Year ended 31 December 2023						
Net Interest income	220,434,431	247,931,384	285,912,403	45,939,950	2,711,122	802,929,290
Fee and commission income	56,332,539	88,618,747	48,187,833	4,785,513	1,360,418	199,285,050
Net trading income	31,654,769	11,078,268	176,143,014	(42,795,792)	-	176,080,259
Other income	162,084	9,089,556	8	3,928,218	1,273,949	14,453,815
Total operating income	308,583,823	356,717,955	510,243,258	11,857,889	5,345,489	1,192,748,414
Impairment losses	(53,707,674)	(16,893,943)	1,699,885	(551,930)	-	(69,453,662)
Other operating expenses	(195,303,945)	(168,458,117)	(235,865,702)	35,270,690	(17,990,952)	(582,348,026)
Profit before tax	59,572,204	171,365,895	276,077,441	46,576,649	(12,645,463)	540,946,726
Income tax expense	(15,159,452)	(41,154,585)	(64,900,587)	(10,940,887)	2,739,889	(129,415,622)
Profit after tax	44,412,752	130,211,310	211,176,854	35,635,762	(9,905,574)	411,531,104

The segmental information in the table above includes transactions made between different segments within the Group that give rise to a cost in one segment and income to another segment. These transactions have no net impact on the Group's financial results as a whole. In 2024 these transactions had net interest income of UShs 95.08 billion (2023: UShs 94.04 billion) and net trading costs of UShs 95.08 billion (2023: UShs 94.04 billion).

There were no changes in segments during the year.

Other segment items included in the income statement.

Year ended 31 December 2024 Income statement	Business and Commercial Banking UShs' 000	Personal and Private Banking UShs' 000	Corporate and Investment Banking UShs' 000	Treasury and Capital Management Shs' 000	Other Subsidiaries Shs' 000	Total UShs' 000
Other segment items included in the income statement						
Depreciation	**(1,483,282)**	**(22,559,285)**	**(1,209,434)**	**(6,084,180)**	**(151,250)**	**(31,487,431)**
Amortisation of intangible assets	**-**	**(11,971,055)**	**(3,310,899)**	**-**	**(267,486)**	**(15,549,440)**
Other segment items included in the income statement. Year ended 31 December 2023						
Depreciation	(1,245,739)	(15,515,925)	(1,061,833)	(14,542,958)	59,811	(32,306,644)
Amortisation of intangible assets	-	(2,295,674)	-	(12,956,358)	-	(15,252,032)

Statement of financial position

Statement of financial position	Business and Commercial Banking UShs' 000	Personal and Private Banking UShs' 000	Corporate and Investment Banking UShs' 000	Treasury and Capital Management UShs' 000	Other Subsidiaries UShs' 000	Total UShs' 000
As at 31 December 2024						
Net Loans and advances to banks	**2,654,503**	**4,795,226**	**1,140,280,924**	**189,549,078**	**-**	**1,337,279,731**
Net loans and advances to customers	**908,090,474**	**1,439,587,331**	**2,026,027,146**	**49,085**	**-**	**4,373,754,036**
Other assets	**25,499,778**	**565,592,165**	**3,744,197,565**	**297,614,913**	**49,862,652**	**4,682,767,073**
Total assets	**936,244,755**	**2,009,974,722**	**6,910,505,635**	**487,213,076**	**49,862,652**	**10,393,800,840**
Deposits from banks	**56,885,231**	**-**	**497,704,634**	**(122,272,252)**	**-**	**432,317,613**
Deposits and current accounts from customers	**2,029,586,485**	**1,876,297,118**	**3,472,102,635**	**(358,649,938)**	**-**	**7,019,336,300**
Elimination of inter division funding/ lending	**(1,469,438,736)**	**(339,224,604)**	**1,795,938,160**	**12,725,180**	**-**	**-**
Other liabilities	**111,547,046**	**183,333,214**	**319,983,487**	**491,644,543**	**(219,353,377)**	**887,154,913**
Total liabilities	**728,580,026**	**1,720,405,728**	**6,085,728,916**	**23,447,533**	**(219,353,377)**	**8,338,808,826**
Equity	**207,664,729**	**289,568,994**	**824,776,719**	**463,765,543**	**269,216,029**	**2,054,992,014**
As at 31 December 2023						
Net Loans and advances to banks	4,400,124	1,992,372	441,313,343	1,816	-	447,707,655
Net loans and advances to customers	873,263,714	1,242,964,198	2,108,708,029	186,548	-	4,225,122,489
Other assets	245,160,277	350,305,042	3,359,808,462	630,694,730	44,599,856	4,630,568,367
Total assets	1,122,824,115	1,595,261,612	5,909,829,834	630,883,094	44,599,856	9,303,398,511
Deposits from banks	23,936,510	-	365,081,094	-	-	389,017,604
Deposits and current accounts from customers	1,877,162,477	1,696,458,535	2,554,304,707	2,203	-	6,127,927,922
Elimination of inter division funding/ lending	(1,178,948,051)	(568,287,043)	1,623,907,651	123,327,443	-	-
Other liabilities	141,967,271	183,220,480	567,719,184	20,488,021	(8,344,965)	905,049,991
Total liabilities	864,118,207	1,311,391,972	5,111,012,636	143,817,667	(8,344,965)	7,421,995,517
Equity	258,705,908	283,869,640	798,817,198	487,065,427	52,944,821	1,881,402,994

5. Interest income

	GROUP		COMPANY	
	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Financial Investments -FVOCI	**138,161,773**	146,688,862	**-**	-
Financial Investments -Amortised cost	**16,151,619**	19,125,808	**6,540,394**	1,782,775
Loans and advances to customers-amortised cost	**642,605,293**	593,466,644	**-**	-
Loans and advances to banks- amortised cost	**12,728,790**	14,511,210	**-**	-
Placements with group companies- amortised cost	**36,325,897**	4,535,775	**-**	-
Interest income on credit impaired financial assets	**1,983,365**	3,598,138	**-**	-
Interest revenue calculated using the effective interest method	**847,956,737**	781,926,437	**6,540,394**	1,782,775

All the amounts reported above comprise interest income calculated using the effective interest method. Interest income is recognised over a period of time.

6 Interest expense

	GROUP		COMPANY	
	2024 USh's' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Current accounts	**38,038,495**	27,234,445	**-**	-
Savings and deposit accounts	**28,083,428**	16,709,758	**-**	-
Subordinated debt	**7,837,724**	7,554,748	**-**	-
Deposits and borrowings from banks	**85,430**	3,064,856	**-**	-
Amounts due to group companies	**10,343,256**	12,155,083	**-**	-
Interest paid on other money market borrowings	**1,718,495**	4,281,246	**-**	-
Interest expense calculated using the effective interest method	**86,106,828**	71,000,136	**-**	-
Interest expense on lease liabilities	**2,046,683**	2,032,897	**62,400**	19,780
	88,153,511	73,033,033	**62,400**	19,780

All interest expense relates to financial liabilities at amortised cost and calculated using the effective interest method except for interest expense on lease liabilities.

7 Net fee and commission income

Fee and commission income from contracts with customers is disaggregated by major type of services as follows.

GROUP	2024 UShs' 000	2023 UShs' 000
Fee and commission income		
Transactional fees and commission income	**214,543,588**	214,392,306
Trade fees and commission income	**2,707,942**	3,263,785
Others	**18,456,829**	3,510,871
	235,708,359	221,166,962
Fee and commission expense		
Transactional fees and commission expenses	**(19,378,419)**	(17,116,627)
Net fee and commission income	**216,329,940**	204,050,335

Other primarily comprises of fee and commission revenue earned on sundry services such as arrangement, agency and asset management fees as well as guarantee and commitment commissions. All fee and commission revenue reported above relates to financial assets or liabilities not carried at FVTPL.

8. Net trading income

GROUP	2024 UShs' 000	2023 UShs' 000
Foreign exchange trading gains - realized	**101,008,579**	40,823,518
Foreign exchange trading gains - unrealized gains	**6,396,288**	19,190,772
Trading gains on financial instruments	**194,244,878**	220,750,883
Unrealised losses on financial instruments	**(1,515,255)**	(8,333,559)
Trading income / (losses) - other	**4,152,817**	(2,315,469)
	304,287,307	270,116,145

Included in trading gains on financial instruments are realised gains and losses from buying and selling debt securities coupled with the impact of changes in the fair value of government securities. Included in foreign exchange gains are realised and unrealised gains and losses from spot and forward contracts and other currency derivatives.

9. Other gains and losses on financial instruments

GROUP	2024 UShs' 000	2023 UShs' 000
Foreign exchange trading gains - realized	**6,306,324**	-
	6,306,324	-

10. Other income

(a) Dividend income

	COMPANY	
	2024	2023
	UShs' 000	UShs' 000
Dividend income	**520,000,000**	320,000,000
	520,000,000	320,000,000

(b) Other operating income

Other Operating Income:	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Gains on disposal of property and equipment	**165,608**	382,770	**-**	-
Other income	**10,467,225**	10,701,543	**-**	-
	10,632,833	11,084,313	-	-

Other income includes profit share in relation to bancassurance fees of UShs 7.4 billion (2023: UShs 7.98 billion) resulting from joint arrangement with Liberty General Insurance Uganda Limited and Liberty Life Assurance Uganda Limited.

11. Impairment charge for credit losses

	2024	2023
GROUP	UShs' 000	UShs' 000
Net expected credit losses raised and released		
Loans and advances to customers (Note 21)	**(61,550,491)**	(109,861,914)
Loans and advances to banks (Note 20)	**(2,122,351)**	1,836,347
Financial investments - FVOCI (Note 17e)	**219,511**	(979,580)
Financial investments - amortised cost (Note 17d)	**131,182**	(159,706)
Off-balance sheet items (Note 33.1)	**(817,777)**	20,981
Net increase in expected credit losses	**(64,139,926)**	(109,143,872)
Recoveries on loans and advances previously written off	**28,889,443**	35,317,080
Interest in suspense released on cured loans and advances	**1,237,664**	1,739,577
Modification (losses)/gains	**-**	2,633,553
	(34,012,819)	(69,453,662)

The expected credit losses on loans and advances to banks is all stage 1

12. Employee benefits expense

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Salaries and wages	**163,213,443**	152,308,742	**5,191,820**	4,552,393
Contributions to statutory and other defined contribution plans	**32,250,940**	29,104,397	**1,232,976**	931,496
Other employee benefits	**85,650,078**	71,498,425	**1,234,749**	3,083,604
	281,114,461	252,911,564	**7,659,545**	8,567,493

Included in other employee benefits are the staff bonus costs, staff insurance costs and other staff sundry expenses.

13. Other operating expenses

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Premises costs	**11,837,296**	10,965,851	**678,040**	186,951
Office expenses	**3,112,467**	4,814,574	**-**	-
Auditors' remuneration	**1,314,741**	1,093,978	**47,711**	49,117
Professional fees	**8,958,283**	8,588,880	**834,358**	(252,896)
IT expenses	**78,509,914**	64,006,687	**89,060**	11,462
Travel and entertainment	**13,327,046**	13,733,289	**383,113**	682,885
Marketing and advertising	**13,866,661**	16,566,199	**529,163**	362,597
Insurance	**4,083,258**	3,229,250	**-**	-
Deposit Protection Scheme Contribution	**14,218,957**	12,233,706	**-**	-
Security expenses	**8,775,135**	9,099,698	**41,387**	9,840
Franchise fees	**38,288,500**	35,610,605	**-**	-
Directors' fees and expenses	**1,461,634**	1,248,719	**508,186**	458,160
Training costs	**4,621,653**	4,672,312	**119,712**	155,298
Operational losses	**(1,371,470)**	9,779,802	**81,783**	529,210
Indirect taxes (VAT)	**33,602,095**	31,994,946	**-**	-
Bank charges	**2,844,254**	2,049,027	**250,264**	182,668
Commission paid	**25,674,188**	25,825,618	**-**	-
Communication	**11,851,546**	8,531,981		
Credit bureau expenses	**3,174,762**	1,395,785	**-**	-
Other operating expenses	**5,974,947**	17,832,661	**525,836**	627,231
	284,125,867	283,273,568	**4,088,613**	3,002,523

Included in the IT costs are costs relating to Salesforce and Flexipay (support costs and annual licenses) and other peripheral systems that support the day-to-day operations of the Bank. The commission costs include commissions due to bank agents.

The VAT exclusive fees for the 2024 audit services are UShs 1,019 million (2023: UShs 1,049 million) while the VAT exclusive fees for audit related services provided by the statutory external auditor included in professional fees are UShs 90 million (2023: UShs 202 million).

	2024	2023
GROUP	UShs' 000	UShs' 000
Administration and membership fees	**1,512,019**	1,218,036
Donations: non-tax allowable	**3,185,680**	2,208,304
Conference expenses (non-training)	**744,807**	607,630
Other operating costs	**532,441**	13,798,691
	5,974,947	17,832,661

14. Income tax expense

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs'000	UShs'000	UShs'000	UShs'000
Current income tax	**179,351,244**	141,058,706	**-**	-
Deferred income tax (see note 22)	**(6,379,076)**	(11,643,083)	**4,869,063**	(3,026,696)
	172,972,168	129,415,623	**4,869,063**	(3,026,696)

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

14. Income tax expense (continued)

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs'000	UShs'000	UShs'000	UShs'000
Profit before income tax	**651,069,612**	540,946,727	**513,870,925**	309,537,446
Tax calculated at statutory tax rate of 30% (2023: 30%)	**195,320,884**	162,284,018	**154,161,278**	92,861,234
Tax effects of:				
Income not subject to tax	**-**	-	**(156,000,000)**	(96,000,000)
Income subject to tax at 20%	**(35,319,065)**	(37,845,255)	**-**	-
Income subject to tax at 10%	**-**	(13,660)	**-**	-
Expenses not deductible for tax purposes	**4,481,215**	5,174,052	**328,803**	141,126
Deferred tax credit not recognised	**2,100,565**	-	**1,461,536**	-
Derecognition of deferred tax asset	**4,917,446**	-	**4,917,446**	-
Prior year current income tax adjustment	**1,471,123**	(183,532)	**-**	(29,056)
	172,972,168	129,415,623	**4,869,063**	(3,026,696)

The movement in the current income tax liability/ (recoverable) was as follows:

	2024	2023	2024	2023
	UShs'000	UShs'000	UShs'000	UShs'000
At start of year	**21,988,995**	11,289,587	**(5,850,516)**	(11,594,808)
Prior year under provisions	**-**	-	**-**	(29,056)
Charge for the year	**179,351,244**	141,058,706	**-**	29,056
Income tax paid	**(188,577,225)**	(130,359,298)	**(371,751)**	5,744,292
At end of year	**12,763,014**	21,988,995	**(6,222,267)**	(5,850,516)

15. Earnings per share and dividends per share

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs'000	UShs'000	UShs'000	UShs'000
Earnings Per Share				
Profit attributable to ordinary shareholders (UShs'000)	**478,097,444**	411,531,104	**509,001,862**	312,564,142
Weighted average number of ordinary shares in issue (thousands)	**51,188,670**	51,188,670	**51,188,670**	51,188,670
Basic earnings per share (expressed in Shs per share)	**9.34**	8.04	**9.94**	6.11
Dividends per share				
Proposed dividends	**160,000,000**	155,000,000	**160,000,000**	155,000,000
Weighted average number of ordinary shares in issue (thousands)	**51,188,670**	51,188,670	**51,188,670**	51,188,670
Dividends per share	**3.13**	3.03	**3.13**	3.03

There were no potentially dilutive shares as at 31 December 2024 or 31 December 2023. Therefore, diluted earnings per share is the same as basic earnings per share.

16. Cash and balances with Bank of Uganda

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs'000	UShs'000	UShs'000	UShs'000
Coins and bank notes	**430,129,994**	450,022,656	**-**	-
Balances with Bank of Uganda	**781,038,338**	629,013,039	**-**	-
	1,211,168,332	1,079,035,695	**-**	-

Banks are required to maintain a prescribed minimum cash balance with Bank of Uganda. The amount is determined by Bank of Uganda on a pre-set formula on a rolling fortnightly basis, that is, 10% in 2024 (2023: 10%). The cash reserve as at 31 December 2024 was UShs 742,420 million (2023: UShs 649,430 million). Included in cash and cash balances are cash reserves relating to Flexipay electronic money of UShs 5.2 billion as at 31 December 2024 in compliance with Section 51 of the NPS Act (2023: Ushs 3.8 billion). The cash reserves are available for use in the Bank's day to day activities and may fall below the requirement up to 50% on a given day. The Bank complied with the cash reserve requirements throughout the year.

17. Financial investments

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs'000	UShs'000	UShs'000	UShs'000
a) Government securities at FVOCI				
Treasury bills				
At start of the year	**414,305,699**	405,782,022	**-**	-
Additions	**422,393,700**	139,517,000	**-**	-
Interest income accrued	**57,448,999**	70,832,309	**-**	-
Disposals	**(440,380,405)**	(194,331,786)	**-**	-
Fair value adjustments	**(722,100)**	(2,832,708)	**-**	-
Transfer (to) and from pledged assets	**(3,099,477)**	(4,661,138)	**-**	-
At end of the year	**449,946,416**	414,305,699	**-**	-
Treasury bonds				
At start of the year	**664,484,826**	744,080,944	**-**	-
Additions	**278,240,343**	399,336,100	**-**	-
Interest income accrued	**86,368,139**	92,412,715	**-**	-
Disposals	**(430,497,310)**	(568,630,857)	**-**	-
Fair value adjustments	**(12,547,774)**	(2,714,076)	**-**	-
At end of the year	**586,048,224**	664,484,826	-	-
Total at end of year	**1,035,994,640**	1,078,790,525	-	-
b) Financial investments-Amortised Cost				
Treasury bills				
At start of the year	**29,006,725**	14,847,920	**20,306,639**	10,076,259
Additions	**66,604,469**	12,063,702	**60,104,276**	8,447,605
Interest income accrued	**2,869,863**	2,569,647	**2,019,587**	1,782,775
Disposals	**(66,208,341)**	(474,544)	**(60,044,276)**	-
At end of the year	**32,272,716**	29,006,725	**22,386,226**	20,306,639
Treasury bonds				
At start of the year	**113,196,730**	90,813,517	**-**	-
Additions	**5,655,365**	20,005,158	**-**	-
Interest income accrued	**7,626,390**	2,537,761	-	-
Disposals	**(75,450,935)**	-	**-**	-
ECL for financial investments measured at amortised cost	**131,182**	(159,706)	**-**	-
At end of the year	**51,158,732**	113,196,730	**-**	-
Total at end of year	**83,431,448**	142,203,455	**22,386,226**	20,306,639
c) Other equity investments				
S.W.I.F.T. SCRL	**467,476**	187,053	**-**	-
Total other equity investments	**467,476**	187,053	**-**	-
Total financial investments	**1,119,893,564**	1,221,181,033	**22,386,226**	20,306,639

The table below shows the reconciliation of net carrying amount of financial investments at amortised cost

GROUP	2024 UShs' 000	2023 UShs' 000
Gross financial investments measured at amortised cost	**83,502,498**	**142405687**
ECL for financial investments measured at amortised cost (Note 17 f)	**(71,050)**	(202,232)
Net financial investments measured at amortised cost	**83,431,448**	142,203,455

(d) Reconciliation of expected credit losses for debt financial investments measured at FVOCI

Year ended 31 December 2024	At start of Year Shs'000	Income statement movements: ECL on new exposures raised Shs'000	Subsequent changes in ECL Shs'000	Change in ECL due to derecognition Shs'000	Net impairments raised/ (released) Shs'000	Closing ECL at 31 Dec 2024 Shs'000
Stage1	**(1,364,709)**	**(855,184)**	**204,768**	**869,927**	**219,511**	**(1,145,198)**
Stage2	-	-	-	-	-	-
Stage3	-	-	-	-	-	-
Total	**(1,364,709)**	**(855,184)**	**204,768**	**869,927**	**219,511**	**(1,145,198)**

Year ended 31 December 2023	At start of Year Shs'000	Income statement movements: ECL on new exposures raised Shs'000	Subsequent changes in ECL Shs'000	Change in ECL due to derecognition Shs'000	Net impairments raised/ (released) Shs'000	Closing ECL at 31 Dec 2024 Shs'000
Stage1	(385,129)	(610,811)	(94,385)	(274,384)	(979,580)	(1,364,709)
Stage2	-	-	-	-	-	-
Stage3	-	-	-	-	-	-
Total	(385,129)	(610,811)	(94,385)	(274,384)	(979,580)	(1,364,709)

(e) Reconciliation of expected credit losses for debt financial investments measured at amortised cost.

Year ended 31 December 2024	At start of Year: Total transfers between stages Shs'000	Subsequent changes in ECL Shs'000	Change in ECL due to derecognition Shs'000	Net impairments raised/ (released) Shs'000	Exchange and other movements Shs'000	Closing ECL at 31 Dec 2024 Shs'000
Stage 1	**(202,232)**	**36,931**	**94,251**	**131,182**	-	**(71,049)**
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Total	**(202,232)**	**36,931**	**94,251**	**131,182**	-	**(71,049)**

Year ended 31 December 2023	Total transfers between stages Shs'000	Subsequent changes in ECL Shs'000	Change in ECL due to derecognition Shs'000	Net impairments raised/ (released) Shs'000	Exchange and other movements Shs'000	Closing ECL at 31 Dec 2024 Shs'000
Stage 1	(42,526)	(159,706)	-	(159,706)	-	(202,232)
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-		-
Total	(42,526)	(159,706)	-	(159,706)		(202,232)

Government securities comprise government treasury bills and bonds. Government treasury bills are debt securities issued by Bank of Uganda for a term of three months, six months or one year. Government treasury bonds are debt instruments issued by Bank of Uganda for a term of either two, three, five or ten years.

Government securities are categorised as: fair value through other comprehensive income, which are fair valued through reserves; amortised cost; and trading assets, which are fair valued through profit or loss.

Included in financial investments are placements of Flexipay electronic money in government treasury bills at FVOCI totalling to UShs 4,155 billion representing 80% of the Flexipay electronic liabilities as at 31 December 2024 in compliance with Section 51 of the NPS Act (2023: UShs 3,057 million).

Other equity investments relate to investment in the Society for Worldwide Interbank Financial Telecommunication (SWIFT) shares, an entity that provides a network that enables financial institutions to send and receive information about financial transactions in a secure, standardised and reliable environment.

18. Trading assets

	GROUP		COMPANY	
	2024 USh's 000	2023 USh's 000	2024 USh's 000	2023 USh's 000
Treasury bills				
At start of the year	**964,007,606**	463,396,885	**-**	-
Additions	**770,722,579**	1,319,646,071	**-**	-
Disposals	**(1,260,699,756)**	(815,142,383)	**-**	-
Fair value adjustments	**(1,698,175)**	(3,892,967)	**-**	-
At end of the year	**472,332,254**	964,007,606	**-**	-
Treasury bonds			**-**	**-**
At start of the year	**814,930,215**	1,135,079,089		
Additions	**1,511,925,635**	8,972,209,699	**-**	-
Disposals	**(1,338,116,582)**	(9,286,169,754)	**-**	-
Fair value adjustments	**2,716,740**	(6,188,819)	**-**	-
Transfer to pledged assets	**(52,280,990)**	-	**-**	-
At end of the year	**939,175,018**	814,930,215	**-**	-
Total trading assets	**1,411,507,272**	1,778,937,821	**-**	**-**

19. Pledged assets

The following table presents details of financial assets which have been provided as collateral to the counterparty. To the extent that the counterparty is permitted to sell the financial asset where the Bank defaults on the obligation, they are classified in the statement of financial position as pledged assets

	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets1	Fair value of associated liabilities1	Net fair value1
2024					
Securities pledged under clearing house values	**3,099,477**	**-**	**3,099,477**	**-**	**3,099,477**
Securities pledged under repurchase agreements	**52,280,990**	**(52,280,990)**	**52,280,990**	**(52,280,990)**	**-**
Pledged assets (as recognised on the statement of financial position)	**55,380,467**	**(52,280,990)**	**55,380,467**	**(52,280,990)**	**3,099,477**
Total assets pledged	**55,380,467**	**(52,280,990)**	**55,380,467**	**(52,280,990)**	**3,099,477**
2023					
Securities pledged under clearing house values	**4,661,138**	**-**	**4,684,082**	**-**	**4,684,082**
Securities pledged under repurchase agreements	**-**	**-**	**-**	**-**	**-**
Pledged assets (as recognised on the statement of financial position)	**4,661,138**	**-**	**4,684,082**	**-**	**4,684,082**
Total assets pledged	**4,661,138**	**-**	**4,684,082**	**-**	**4,684,082**

As at 31 December 2024,the Group had pledged government securities totaling UShs 55.4 billion of which UShs 3.1 billion was to Bank of Uganda under the automated clearing house rules and UShs 52.3 billion to other banks under repurchase agreements (2023: UShs 4.7 billion). These assets are reclassified from trading assets and financial investments measured at FVOCI to pledged assets. The counter parties have the right to transfer or sell these instruments in case of default. Accordingly, these have been presented separately on the face of the statement of financial position.

20. Loans and advances to banks

GROUP	2024 UShs' 000	2023 UShs' 000
Items in course of collection - foreign banks	**3,797,566**	6,394,646
Placements with local banks	**48,517,722**	189,157,599
Placements with foreign banks	**324,462,119**	45,244,796
Gross loans and advances	**376,777,407**	240,797,041
Less: Provision for impairment	**(184,939)**	(211,791)
	376,592,468	240,585,250

The weighted average effective interest rate on loans and advances to banks was 4.1% (2023: 5.4%).

Reconciliation of expected credit losses for loans and advances to banks measured at amortized cost as at 31 December 2024 and 31 December 2023

		Income statement movements					
Year ended 31 December 2024	Shs'000	ECL on new exposures raised Shs'000	Subsequent changes in ECL Shs'000	Change in ECL due to derecognition Shs'000	Net impairments raised/ (released) Shs'000	Exchange and other movements Shs'000	At end of Year Shs'000
Stage 1	**(211,757)**	**(1,985,521)**	**(136,855)**	**-**	**(2,122,376)**	**2,149,271**	**(184,862)**
Stage 2	**(34)**	**-**	**25**	**-**	**25**	**(68)**	**(77)**
Stage 3	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**(211,791)**	**(1,985,521)**	**(136,830)**	**-**	**(2,122,351)**	**2,149,203**	**(184,939)**
Year ended 31 December 2023							
Stage 1	(9,550)	-	1,811,398	-	1,811,398	(2,013,605)	(211,757)
Stage 2	(24,253)	-	24,949	-	24,949	(730)	(34)
Stage 3	-	-	-	-	-	-	-
Total	(33,803)	-	1,836,347	-	1,836,347	(2,014,335)	(211,791)

21. Loans and advances to customers

GROUP	2024 UShs' 000	2023 UShs' 000
Personal and business banking		
Mortgage lending	**389,121,058**	350,034,744
Vehicle and asset finance	**121,752,306**	124,079,202
Card and payments	**5,375,396**	5,367,489
Personal unsecured lending	**1,297,815,535**	1,127,666,017
Business and other lending	**653,302,192**	643,955,621
Corporate lending	**1,742,444,691**	1,725,739,609
Sovereign lending	**295,228,604**	393,774,954
Gross loans and advances	**4,505,039,782**	4,370,617,636
Less: Expected credit loss	**(131,285,746)**	(145,495,147)
Net loans and advances	**4,373,754,036**	4,225,122,489

Included in personal unsecured lending is the day 1 fair value adjustment of loans advanced to staff at off market rates of UShs 26,088 million (2023: UShs 21,039 million) and mortgage lending day 1 fair value adjustment of mortgage loans advanced to staff at off market rates of UShs 19,633 million (2023: UShs 18,252 million).

Reconciliation of expected credit losses for loans and advances to banks measured at amortized cost as at 31 December 2024

GROUP Year Ended 31 December 2024	At start of year	Total transfers between stages	Ecl on new exposures raised	Subsequent changes in ecl	Net impairments raised/ (released)	TVM unwinding and iis movement	Impaired accounts written-off	Exchange and other movements	At end of year
Personal And Business Banking									
Mortgage lending loans									
Stage 1	(7,944,446)	(267,455)	(88,974)	2,264,895	1,908,466	-	-	32,900	(6,003,080)
Stage 2	(2,820,993)	375,294	(34,195)	(18,247,133)	(17,906,034)	-	-	15,032	(20,711,995)
Stage 3 (including IIS)	(3,686,794)	(107,839)	-	(1,473,835)	(1,581,674)	(832,746)	419,871	1,905,755	(3,775,588)
Vehicle and asset finance									
Stage 1	(1,331,838)	(521,012)	6,109	146,392	(368,511)	-	-	17,183	(1,683,166)
Stage 2	(2,547,840)	529,872	(17,657)	1,600,115	2,112,330	-	-	(2,246)	(437,756)
Stage 3 (including IIS)	(9,725,329)	(8,860)	(208,436)	(1,100,530)	(1,317,826)	(236,849)	6,344,719	530,488	(4,404,797)
Card debtors									
Stage 1	(89,863)	(227,726)	(6,525)	255,914	21,663	-	-	-	(68,200)
Stage 2	(1,192,026)	278,008	(3,920)	476,681	750,769	-	-	-	(441,257)
Stage 3 (including IIS)	(232,930)	(50,282)	(34,657)	(254,891)	(339,830)	-	297,539	-	(275,221)
Other Loans and Advances									
Stage 1	(12,130,985)	(7,960,442)	(7,954,169)	11,455,866	(4,458,745)	-	-	56,880	(16,532,850)
Stage 2	(24,146,431)	6,415,148	(7,090,506)	1,602,965	927,607	-	-	60,502	(23,158,322)
Stage 3 (including IIS)	(68,839,135)	1,545,294	(6,757,886)	(37,162,163)	(42,374,755)	111,257	66,518,090	2,437,178	(42,147,365)
Total BCB and PPB	(134,688,610)	-	(22,190,816)	(40,435,724)	(62,626,540)	(958,338)	73,580,219	5,053,672	(119,639,597)
Corporate and Investment Banking (CIB)									
Stage 1	(10,762,799)	-	(2,905,916)	4,832,198	1,926,282	-	-	(1,918,569)	(10,755,086)
Stage 2	(43,736)	-	(31,271)	(818,962)	(850,233)	-	-	2,908	(891,061)
Stage 3 (including IIS)	(2)	-	-	-	-	-	-	-	(2)
Total CIB	(10,806,537)	-	(2,937,187)	4,013,236	1,076,049	-	-	(1,915,661)	(11,646,149)
Total	(145,495,147)	-	(25,128,003)	(36,422,488)	(61,550,491)	(958,338)	73,580,219	3,138,011	(131,285,746)

Reconciliation of expected credit losses for loans and advances to banks measured at amortized cost as at 31 December 2023

GROUP w Ended 31 December 2023	At Start Of Year	Total Transfers Between Stages	Ecl On New Exposures Raised	Subsequent Changes In Ecl	Change In Ecl Due To Derecognition	Net Impairments Raised/ (Released)	Tvm Unwinding And Iis Movement	Impaired Accounts Written-Off	Exchange And Other Movements	At End Of Year
Personal And Business Banking										
Mortgage Lending										
Stage 1	(1,455,039)	(505,641)	(99,338)	(5,872,160)	-	(6,477,139)	-	-	(12,268)	(7,944,446)
Stage 2	(9,955,034)	433,262	(22,136)	6,800,682	-	7,211,808	-	-	(77,767)	(2,820,993)
Stage 3 (including IIS)	(7,050,777)	72,379	-	(5,264,929)	-	(5,192,550)	842,811	7,713,722	-	(3,686,794)
Vehicle And Asset Finance										
Stage 1	(1,245,495)	128,732	(836,566)	630,340	-	(77,494)	-	-	(8,849)	(1,331,838)
Stage 2	(6,753,365)	1,912,157	(253,642)	2,541,717	-	4,200,232	-	-	5,293	(2,547,840)
Stage 3 (including IIS)	(3,204,114)	(2,040,889)	(487,091)	(8,078,409)	-	(10,606,389)	336,449	3,748,725	-	(9,725,329)
Card And Payments										
Stage 1	(71,385)	(30,267)	(11,756)	23,545	-	(18,478)	-	-	-	(89,863)
Stage 2	(446,276)	30,095	(154,291)	(621,554)	-	(745,750)	-	-	-	(1,192,026)
Stage 3 (including IIS)	(190,400)	172	(75,630)	(354,235)	-	(429,693)	-	387,163	-	(232,930)
Other Loans & Advances										
Stage 1	(12,312,479)	(6,773,839)	(5,304,823)	12,275,663	-	197,001	-	-	(15,507)	(12,130,985)
Stage 2	(32,151,083)	9,637,912	(3,859,625)	2,099,507	-	7,877,794	-	-	126,858	(24,146,431)
Stage 3 (including IIS)	(70,376,126)	(2,864,073)	(32,640,762)	(66,120,500)	-	(101,625,335)	8,519,957	94,642,369	-	(68,839,135)
	(145,211,573)	-	(43,745,660)	(61,940,333)	-	(105,685,993)	9,699,217	106,491,979	17,760	(134,688,610)
Corporate and Investment Banking										
Stage 1	(8,305,784)	-	(354,610)	(2,221,519)	(1,692,483)	(4,268,612)	-	-	1,811,597	(10,762,799)
Stage 2	(135,960)	-	-	92,691	-	92,691	-	-	(467)	(43,736)
Stage 3 (including IIS)	(2)	-	-	-	-	-	-	-	-	(2)
	(8,441,746)	-	(354,610)	(2,128,828)	(1,692,483)	(4,175,921)	-	-	1,811,130	(10,806,537)
Total	(153,653,319)	-	(44,100,270)	(64,069,161)	(1,692,483)	(109,861,914)	9,699,217	106,491,979	1,828,890	(145,495,147)

1. The Bank's policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore, exposures can appear to be transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period. Furthermore, the ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the column 'ECL on new exposure raised' based on the exposures' ECL stage as at the end of the reporting period. It is therefore possible to disclose new/originated exposures in stage 2 and 3.
2. The contractual amount outstanding on secured loans and advances that were written off during the year are still subject to enforceability activities.
3. Exchange and other movements include the net interest in suspense (IIS) and time value of money (TVM) unwinding, raised or released during the year.

21.2 Changes in gross exposures relating to changes in ECL

The significant changes in the gross carrying amount of loans and advances to customers which impact the changes in ECL include:

The ECL on new exposures raised of UShs 1.2 trillion (2023: 1.9 trillion) primarily relates to the drop in the gross carrying amount from new exposures originated of:

- Mortgage lending of UShs 55.8 billion (2023: UShs 31.1 billion)
- Vehicle and asset finance of UShs 70.7 billion (2023: UShs 58.0 billion)
- Personal unsecured lending and business and other lending of UShs 682.1 billion (2023: UShs 597.5 billion)
- Corporate lending of UShs 716.3 billion (2023: UShs 547.6 trillion)

The ECL charge for the year is offset by recoveries of impaired loans previously written off of UShs 28.9 billion (2023: UShs 35.3 billion) as indicated in Note 11.

The related gross carrying amount of the significant transfers primarily relate to the continued impact of the economic environment together with positive collection trends, and are shown in the table below:

GROUP Gross carrying amounts of ECL movements For the year ended 31 December 2024	Gross carrying amounts of transfers between stages			
	Transfer Stage 1 to/(from) UShs'000	Transfer Stage 2 to/(from) UShs'000	Transfer Stage 3 to/(from) UShs'000	Total UShs'000
Stage 1				
Mortgage lending	-	(96,377,359)	(252,799)	(96,630,158)
Vehicle and asset finance	-	(4,678,242)	-	(4,678,242)
Personal unsecured lending	-	(61,642,542)	(18,562,385)	(80,204,927)
Business and other lending	-	(52,759,380)	(12,690,460)	(65,449,840)
Sub total	-	(215,457,523)	(31,505,644)	(246,963,167)
Stage 2				
Mortgage lending	96,377,359	-	(1,095,788)	95,281,571
Vehicle and asset finance	4,678,242	-	(3,825,658)	852,584
Personal unsecured lending	61,642,542	-	(6,853,388)	54,789,154
Business and other lending	52,759,380	-	(3,848,568)	48,910,812
Sub total	215,457,523	-	(15,623,402)	199,834,121
Stage 3 (excluding IIS)				
Mortgage lending	252,799	1,095,788	-	1,348,587
Vehicle and asset finance	-	3,825,658	-	3,825,658
Personal unsecured lending	18,562,385	6,853,388	-	25,415,773
Business and other lending	12,690,460	3,848,568	-	16,539,028
Sub total	31,505,644	15,623,402	-	47,129,046
Total	246,963,167	(199,834,121)	(47,129,046)	-
For the year ended 31 December 2023				
Stage 1				
Mortgage lending	-	(8,245,449)	(1,150,749)	(9,396,198)
Vehicle and asset finance	-	(4,271,678)	(899,460)	(5,171,138)
Personal unsecured lending	-	(69,411,824)	(13,780,160)	(83,191,984)
Business and other lending	-	(25,965,296)	(3,232,903)	(29,198,199)
Sub total	-	(107,894,247)	(19,063,272)	(126,957,519)
Stage 2				
Mortgage lending	8,245,449	-	(1,439,358)	6,806,091
Vehicle and asset finance	4,271,678	-	(10,687,798)	(6,416,120)
Personal unsecured lending	69,411,824	-	(4,719,617)	64,692,207
Business and other lending	25,965,296	-	(21,040,977)	4,924,319
Sub total	107,894,247	-	(37,887,750)	70,006,497
Stage 3 (excluding IIS)				
Mortgage lending	1,150,749	1,439,358	-	2,590,107
Vehicle and asset finance	899,460	10,687,798	-	11,587,258
Personal unsecured lending	13,780,160	4,719,617	-	18,499,777
Business and other lending	3,232,903	21,040,977	-	24,273,880
Sub total	19,063,272	37,887,750	-	56,951,022
Total	126,957,519	(70,006,497)	(56,951,022)	-

21.3 Modifications on loans and advances measured at amortised cost

	Stage 2		Stage 3		Total	
GROUP	Amortised cost before modification Shs'000	Net modification gain or loss Shs'000	Amortised cost before modification Shs'000	Net modification gain or loss Shs'000	Amortised cost before modification Shs'000	Net modification gain or loss Shs'000
Year ended 31 December 2024						
Other loans and advances	-	-	-	-	-	-
Total	-	-	-	-	-	-
Year ended 31 December 2023						
Other loans and advances	37,474,522	(2,913,503)	30,284,991	5,547,056	67,759,513	2,633,553
Total	37,474,522	(2,913,503)	30,284,991	5,547,056	67,759,513	2,633,553

The gross carrying amount for modifications during the reporting year that resulted in no economic gain or loss (i.e., no net modification gain or loss) is UShs 12.2 billion (2023: UShs 169.6 billion).

The table below shows the gross carrying amount of previously modified financial assets for which loss allowance has changed to 12mECL measurement during the period:

	Post modification		Pre - modification	
31 December 2024	Gross carrying amount Shs'000	Corresponding ECL Shs'000	Gross carrying amount Shs'000	Corresponding ECL Shs'000
2024				
Facilities that have cured since modification and are now measured using 12mECL (Stage 1)	-	-	-	-
Facilities that reverted to (Stage 2/3) LTECL having once cured	-	-	-	-

	Post modification		Pre - modification	
31 December 2023	Gross carrying amount Shs'000	Corresponding ECL Shs'000	Gross carrying amount Shs'000	Corresponding ECL Shs'000
2023				
Facilities that have cured since modification and are now measured using 12mECL (Stage 1)	-	-	-	-
Facilities that reverted to (Stage 2/3) LTECL having once cured	66,119,367	33,737,190	67,759,513	22,596,586

21.4 The loans and advances to customers include finance lease receivables for BCB, PPB and CIB as indicated below:

	2024 UShs' 000	2023 UShs' 000
Gross investment in finance leases		
No later than 1 year	**65,424,665**	64,915,746
Later than 1 year but no later than 5 years	**65,755,510**	73,368,602
Later than 5 years	**7,172,563**	12,549,884
Investment in finance leases	**138,352,738**	150,834,232

22. Deferred tax asset

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax relates to the same fiscal authority. Deferred tax is calculated on all the temporary differences under the balance sheet liability method using tax rates currently enacted. The movement in the deferred tax account is as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Balance as at 1 January	**59,370,617**	46,063,499	**9,455,277**	6,428,581
Credit to profit or loss	**11,296,522**	11,421,229	**48,383**	3,026,696
Derecognition of deferred tax asset	**(4,917,446)**	-	**(4,917,446)**	-
Prior year tax (over) / under statement	**-**	221,854	**-**	-
Net credit/(charge) to profit or loss	**6,379,076**	11,643,083	**(4,869,063)**	3,026,696
Financial Investments	**3,980,962**	1,664,035	**-**	-
As at 31 December	**69,730,655**	59,370,617	**4,586,214**	9,455,277
The net deferred income tax asset and the related movements are attributable to the following items:				
Deferred tax assets				
Provisions for loans and advances	**25,300,324**	19,806,028	**-**	-
Financial Investments	**1,471,233**	(2,512,050)	**-**	-
Property and equipment	**(10,381,783)**	(13,814,830)	**24,968**	104
Accumulated tax losses	**12,083,158**	8,882,991	**9,831,700**	8,370,164
Other deductible temporary differences	**48,275,734**	47,008,478	**1,108,528**	1,085,009
Net deferred tax asset	**76,748,666**	59,370,617	**10,965,196**	9,455,277
Deferred tax asset derecognised	**(4,917,446)**	-	**(4,917,446)**	-
Deferred tax credit not recognised	**(2,100,565)**	-	**(1,461,536)**	-
Net deferred tax asset recognised	**69,730,655**	59,370,617	**4,586,214**	9,455,277
Credit to profit or loss				
Accelerated depreciation	**3,433,048**	3,077,096	**24,864**	25,549
Provisions for loans and advances	**5,494,296**	(2,848,275)	**-**	-
Accumulated tax losses	**-**	-	**-**	2,777,828
Derecognition of deferred tax asset	**(4,917,446)**	-	**(4,917,446)**	-
Other deductible temporary differences	**2,369,178**	11,414,262	**23,519**	223,319
	6,379,076	11,643,083	**(4,869,063)**	3,026,696

Other deductible temporary differences include movements in deferred tax on: deferred income of UShs 0.2 billion (2023: UShs 0.55 billion), bonus and other provisions of UShs 13.6 billion (2023: UShs 20.1 billion), fair value on derivatives and trading assets of UShs -3.9 billion (2023: UShs 7.4 billion) and lease liabilities of UShs -1.0 billion (2023: UShs -0.5 billion).

A portion of the Company's deferred tax asset amounting to UShs 4.9 billion relating to accumulated income tax losses has been derecognised following an assessment which indicated that it was no longer probable that there will be future taxable profits against which it can be utilised. In addition, the Company's deferred tax credit for the year of UShs 1.46 billion has not been recognised for the same reason. Consequently, the total deferred tax asset not recognised for the Company is UShs 6.38 billion. This relates to accumulated income tax losses of UShs 21.3 billion which per the Income Tax Act of Uganda could expire, if not utilised, within seven years, that is, tax losses of UShs 7.1 billion could expire by 31 December 2029, UShs 9.3 billion by 31 December 2030 and UShs 4.9 billion by 31 December 2031

The Flyhub deferred tax asset as at 31 December 2024 amounting to Ushs 2.3 billion (2023: Ushs 1.6 billion) has not been recognised in the consolidated financial statements due to uncertainty regarding the availability of future taxable profits against which it will be utilised. This deferred tax asset largely arises from income tax losses. Per the Income Tax amendment of 2022, 50% of the tax losses expire after 7 years. As such, Flyhub tax losses amounting to Ushs 3.8 billion are expected to expire, if not utilised by then, as follows: Ushs 938 million by 2029; Ushs 1.75 billion by 2030; and Ushs 1.1 billion by 31 December 2031.

23. Other assets

	GROUP		COMPANY	
	2024	2023	2024	2023
	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Clearances in transit	**1,145,608**	788,788	**-**	-
Prepayments	**53,035,519**	47,435,578	**-**	-
Fees receivable	**10,711,465**	9,908,382	**-**	-
Mobile wallet balances	**77,691,137**	54,702,685	**-**	-
Other accounts receivable	**234,389,844**	15,938,109	**99,890**	93,558
	376,973,573	128,773,542	**99,890**	93,558

Due to the short-term nature of these assets and historical experience, other financial assets are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

The fees receivable includes bancassurance fees of UShs 9.1 billion (2023: UShs 8.3 billion). Other accounts receivable include spot transactions from counter parties of UShs 212 billion (2023: nil).

24 Goodwill and other intangible assets

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment of goodwill identified in 2024 (2023: nil). Intangible assets relate to Finacle-core banking system, New Business Online (Bol) and records management software developed to digitize the customer (KYC) records for the Group.

GROUP	Computer software UShs' 000	Goodwill UShs' 000	Work in progress UShs' 000	Total UShs' 000
Cost				
At 1 January 2024	**150,597,871**	**1,901,592**	**-**	**152,499,463**
Additions	**5,662,003**	**-**	**-**	**5,662,003**
At 31 December 2024	**156,259,874**	**1,901,592**	**-**	**158,161,466**
Amortisation				
At 1 January 2024	**99,724,463**	**-**	**-**	**99,724,463**
Charge for the year	**15,549,440**	**-**	**-**	**15,549,440**
At 31 December 2024	**115,273,903**	**-**	**-**	**115,273,903**
Net book value				
At 31 December 2024	**40,985,971**	**1,901,592**	**-**	**42,887,563**
Cost				
At 1 January 2023	149,999,423	1,901,592	-	151,901,015
Additions	598,448	-	-	598,448
At 31 December 2023	150,597,871	1,901,592	-	152,499,463
Amortisation				
At 1 January 2023	84,472,431	-	-	84,472,431
Charge for the year	15,252,032	-	-	15,252,032
At 31 December 2023	99,724,463	-	-	99,724,463
Net book value				
At 31 December 2023	50,873,408	1,901,592	-	52,775,000

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment of goodwill identified in 2024 (2023: nil).

Intangible assets relate to the Finacle Core Banking System, New Business Online (BOL) and records management software developed to digitize the customer (KYC) records for the Bank.

25 Property, equipment and right of use assets

	GROUP								
	Property	Equipment				Right of use asset			Total
	Land and buildings UShs' 000	Furniture, fittings and equipment UShs' 000	Computer equipment UShs' 000	Motor vehicles UShs' 000	Work in progress UShs' 000	Building UShs' 000	Branches UShs' 000	ATM Spacing & others UShs' 000	Total UShs' 000
Cost									
At 1 January 2024	3,402,996	91,321,862	118,043,166	14,265,643	3,635,235	50,021,641	37,796,751	17,239,385	335,726,679
Additions	-	8,093,970	9,494,109	291,374	3,276,288	3,603,854	3,833,991	3,058,059	31,651,645
Transfers	1,369,198	1,221,947	371,032	-	(2,962,177)	-	-	-	-
Disposals/termination/modification	-	(1,706,404)	(2,819,500)	(554,790)	-	(30,526,591)	(21,639,604)	(9,793,122)	(67,040,011)
At 31 December 2024	4,772,194	98,931,375	125,088,807	14,002,227	3,949,346	23,098,904	19,991,138	10,504,322	300,338,313
Depreciation									
At 1 January 2024	1,493,568	76,486,868	94,970,496	8,204,205	-	33,093,686	24,900,516	12,894,823	252,044,162
Charge for the year	78,557	5,294,740	10,850,307	1,855,944	-	6,815,036	4,756,295	1,836,552	31,487,431
Disposals/termination/modification	-	(1,697,932)	(2,811,724)	(554,789)	-	(29,581,580)	(21,317,237)	(9,663,608)	(65,626,870)
At 31 December 2024	1,572,125	80,083,676	103,009,079	9,505,360	-	10,327,142	8,339,574	5,067,767	217,904,723
Net book value									
At 31 December 2024	3,200,069	18,847,699	22,079,728	4,496,867	3,949,346	12,771,762	11,651,564	5,436,555	82,433,590

	GROUP								
	Property	Equipment				Right of use asset			Total
	Land and buildings UShs' 000	Furniture, fittings and equipment UShs' 000	Computer equipment UShs' 000	Motor vehicles UShs' 000	Work in progress UShs' 000	Building UShs' 000	Branches UShs' 000	ATM Spacing & others UShs' 000	Total UShs' 000
Cost									
At 1 January 2023	3,402,996	85,975,054	112,482,212	12,472,060	354,987	44,840,441	31,356,555	14,770,757	305,655,062
Additions	-	6,847,722	10,740,550	3,652,695	5,216,683	6,572,810	7,375,743	2,659,856	43,066,059
Transfers	-	1,936,435	-	-	(1,936,435)	-	-	-	-
Disposals/termination/modification	-	(3,437,349)	(5,179,596)	(1,859,112)	-	(1,391,610)	(935,547)	(191,228)	(12,994,442)
At 31 December 2023	3,402,996	91,321,862	118,043,166	14,265,643	3,635,235	50,021,641	37,796,751	17,239,385	335,726,679
Depreciation									
At 1 January 2023	1,424,603	74,920,758	88,793,760	8,100,089	-	26,526,648	19,858,533	10,486,581	230,110,972
Charge for the year	68,965	4,974,712	11,282,475	1,963,229	-	6,567,038	5,041,983	2,408,242	32,306,644
On disposals/termination/modification	-	(3,408,602)	(5,105,739)	(1,859,113)	-	-	-	-	(10,373,454)
At 31 December 2023	1,493,568	76,486,868	94,970,496	8,204,205	-	33,093,686	24,900,516	12,894,823	252,044,162
Net book value									
At 31 December 2023	1,909,428	14,834,994	23,072,670	6,061,438	3,635,235	16,927,955	12,896,235	4,344,562	83,682,517

Right-of-use assets relate to leased branches, ATMs and buildings.

25 Property, equipment and right of use assets (continued)

	COMPANY								
	Property		Equipment	Property			Right of use asset		Total
	Land and buildings	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Work in progress	Building	Branches	ATM Spacing	Total
	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Cost									
At 1 January 2024	-	896,461	87,192	663,669	-	1,162,679	-	-	2,810,001
Additions	-	163,639	49,722	-	-	1,632,096	-	-	1,845,457
At 31 December 2024	-	1,060,100	136,914	663,669	-	2,794,775	-	-	4,655,458
Depreciation									
At 1 January 2024	-	566,244	58,811	286,883	-	1,162,679	-	-	2,074,617
Charge for the year	-	191,737	28,695	132,733	-	505,746	-	-	858,911
At 31 December 2024	-	757,981	87,506	419,616	-	1,668,425	-	-	2,933,528
Net book value									
At 31 December 2024	-	302,119	49,408	244,053	-	1,126,350	-	-	1,721,930

	COMPANY								
	Property		Equipment	Property			Right of use asset		Total
	Land and buildings	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Work in progress	Building	Branches	ATM Spacing	Total
	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Cost									
At 1 January 2023	-	893,698	87,192	440,678	-	1,042,981	-	-	2,464,549
Additions	-	2,763	-	222,991	-	119,698	-	-	345,452
At 31 December 2023	-	896,461	87,192	663,669	-	1,162,679	-	-	2,810,001
Depreciation									
At 1 January 2023	-	384,254	37,284	161,582	-	835,964	-	-	1,419,084
Charge for the year	-	181,990	21,527	125,301	-	326,715	-	-	655,533
At 31 December 2023	-	566,244	58,811	286,883	-	1,162,679	-	-	2,074,617
Net book value									
At 31 December 2023	-	330,217	28,381	376,786	-	-	-	-	735,384

26. Ordinary share capital

GROUP	Number of ordinary shares (thousands)	Ordinary share capital UShs' 000	Total UShs' 000
Issued and fully paid			
At 1 January 2024	**51,188,670**	**51,188,670**	**51,188,670**
At 31 December 2024	**51,188,670**	**51,188,670**	**51,188,670**
Issued and fully paid			
At 1 January 2023	51,188,670	51,188,670	51,188,670
At 31 December 2023	51,188,670	51,188,670	51,188,670

The par value of ordinary shares is UShs 1 per share. The holders of the ordinary shares are entitled to one vote per share at the annual or special general meeting of the Company. They are also entitled to dividends when declared.

27. Fair value reserve on financial investments FVOCI

GROUP	2024 UShs' 000	2023 UShs' 000
At 1 January	**7,225,959**	10,129,128
Net fair value losses (Note 17)	**(13,269,874)**	(5,546,784)
Deferred tax credit on fair value losses (Note 22)	**3,980,962**	1,664,035
Net change in expected credit losses (Note 17d)	**(219,512)**	979,580
Net movement for the year	**(9,508,424)**	(2,903,169)
At 31 December	**(2,282,465)**	7,225,959

28. Statutory credit risk reserve

The statutory credit risk reserve represents amounts by which Bank's provisions for impairment of loans and advances, determined in accordance with the Financial Institutions Act, 2004, (as amended) of Uganda exceed those determined in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

GROUP	2024 UShs' 000	2023 UShs' 000
Regulatory provisions		
Specific provisions (regulatory)	**35,560,025**	73,161,140
General provisions (regulatory)	**66,279,649**	64,437,649
Written off facilities according to FIA, 2004 as amended but not written off as per IFRS	**578,025**	-
	102,417,699	137,598,789
Less: IFRS provisions		
Identified impairment (in accordance with IFRS)	**48,505,865**	80,686,315
Unidentified impairment (in accordance with IFRS)	**85,479,610**	67,384,801
	133,985,475	148,071,116
Difference	**(31,567,776)**	(10,472,327)
Statutory credit risk reserves	**-**	-

Where provisions for impairment of loans and advances determined in accordance with the Financial Institutions Act 2004, as amended exceed amounts determined in accordance with International Financial Reporting Standards, the excess is taken to the statutory credit risk reserve as an appropriation of retained earnings, otherwise, no further accounting entries are made.

As the Group's IFRS provisions exceeded the regulatory provisions as of 31 December 2024 and 2023, there was no statutory credit risk reserve as of these dates.

29. Derivatives

The Bank uses currency forward derivative instruments and interest rate derivatives for trading and economic hedge purposes. Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market foreign exchange rates on hand relative to their terms. The aggregate contractual or notional amount of derivative financial instruments, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time. The notional amount is the sum of the absolute value of all bought and sold contracts for both derivative assets and liabilities.

The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the Bank's participation in derivative contracts.

	Fair value of assets		Fair value of liabilities		Notional amount	
	2024	2023	2024	2023	2024	2023
GROUP	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000	UShs' 000
Interest Rate Swaps	**50,834,985**	57,457,958	**(50,952,521)**	(65,363,464)	**916,018,768**	916,018,768
Currency Options	**20,031,196**	29,643,988	**(18,987,696)**	(30,143,536)	**1,194,067,046**	1,194,067,046
Currency forwards	**9,439,726**	6,391,187	**(31,957,910)**	(23,716,951)	**155,350,550**	155,350,550
Currency Swap	**19,512,535**	5,715,437	**(30,991,536)**	(15,935,550)	**962,531,691**	962,531,691
	99,818,442	99,208,570	**(132,889,663)**	(135,159,501)	**3,227,968,055**	3,227,968,055

The maturity analysis of the fair values of derivative instruments held is set out below.

GROUP	Less than 1 year UShs' 000	1-5 years UShs' 000	Over 5 years UShs' 000	Total UShs' 000
As at 31 December 2024				
Assets				
Interest Rate Swaps	**38,184**	**1,945,060**	**48,851,741**	**50,834,985**
Currency Options	**1,381,662**	**18,649,534**	**-**	**20,031,196**
Currency forwards	**3,850,958**	**5,588,768**	**-**	**9,439,726**
Currency Swap	**14,242,343**	**5,270,192**	**-**	**19,512,535**
Fair value of assets	**19,513,147**	**31,453,554**	**48,851,741**	**99,818,442**
Liabilities				
Interest Rate Swaps	**(257,593)**	**(1,578,344)**	**(49,116,584)**	**(50,952,521)**
Currency Options	**(2,106,450)**	**(16,881,246)**	**-**	**(18,987,696)**
Currency forwards	**(2,995,879)**	**(28,962,031)**	**-**	**(31,957,910)**
Currency Swap	**(876,849)**	**(30,114,687)**	**-**	**(30,991,536)**
Fair value of liabilities	**(6,236,771)**	**(77,536,308)**	**(49,116,584)**	**(132,889,663)**
Net fair value	**13,276,376**	**(46,082,754)**	**(264,843)**	**(33,071,221)**
As at 31 December 2023				
Assets				
Interest Rate Swaps				
Currency Options	-	2,001,953	55,456,005	57,457,958
Currency forwards	3,797,415	25,846,573	-	29,643,988
Currency Swap	2,037,971	4,353,216	-	6,391,187
Fair value of assets	453,418	5,262,019	-	5,715,437
	6,288,804	37,463,761	55,456,005	99,208,570
Liabilities				
Interest Rate Swaps				
Currency Options	-	(1,979,765)	(63,383,699)	(65,363,464)
Currency forwards	(3,797,417)	(26,346,119)	-	(30,143,536)
Currency Swap	(2,145,652)	(21,571,299)	-	(23,716,951)
Fair value of liabilities	(1,382,322)	(14,553,228)	-	(15,935,550)
Net fair value	(7,325,391)	(64,450,411)	(63,383,699)	(135,159,501)
Net fair value	(1,036,587)	(26,986,650)	(7,927,694)	(35,950,931)

29.1 Derivatives and other financial instruments held-for-hedging

Where all relevant criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instruments (hedged item). All qualifying hedging relationships are designated as either fair value or cash flow hedges for recognised assets or liabilities and highly probable forecast transactions. The Group applies hedge accounting in respect of foreign currency risk, and interest rate risk. Refer to Note 2.4 (a) for the accounting policies which provide more information on these hedging strategies.

29.2 Derivatives designated as hedging instruments in fair value hedging relationships

					Maturity analysis of net fair value (Term to maturity - within:)			
For the year ended 31 December 2024	Fair value of assets UShs'000	Fair value of liabilities UShs'000	Fair Value gain/ (loss) UShs'000	Contract/ notional amount Ushs'000	< 1 year	1 - 5 years	over 5 years	Net fair value gain/ (loss) UShs'000
Interest rate risk fair value hedging relationships	-	(93,463)	114,037	36,757,190	-	(93,463)	-	(93,463)
Cross currency interest rate swaps	-	-	-	-	-	-	-	-
Total	-	(93,463)	114,037	36,757,190	-	(93,463)	-	(93,463)

For the year ended 31 December 2023	Fair value of assets UShs'000	Fair value of liabilities UShs'000	Fair Value gain/ (loss) UShs'000	Contract/ notional amount Ushs'000	< 1 year	1 - 5 years	over 5 years	Net fair value gain/ (loss) UShs'000
Interest rate risk fair value hedging relationships	-	(207,500)	(207,500)	37,840,290	-	(207,500)	-	(207,500)
Cross currency interest rate swaps	-	-	-	-	-	-	-	-
Total	-	(207,500)	(207,500)	37,840,290	-	(207,500)	-	(207,500)

29.3 Hedged items classified as fair value hedges

For the period ended 31 December 2024	Fair value of assets UShs'000	Fair value of liabilities UShs'000	Fair Value gain/ (loss) Ushs'000	Fair Value gain/ (loss) used to test hedge ineffectiveness Ushs'000	Accumulated fair value hedge adjustments UShs'000	Accumulated fair value hedge adjustments for which hedge accounting stopped
Interest rate risk fair value hedging relationships	-	-	-	-	-	-
Loans and advances to customers	15,531,896	-	(65,670)	96,483	207,515	-
Total items classified as fair value hedges	15,531,896	-	(65,670)	96,483	207,515	-

For the period ended 31 December 2023	Fair value of assets UShs'000	Fair value of liabilities UShs'000	Fair Value gain/ (loss) Ushs'000	Fair Value gain/ (loss) used to test hedge ineffectiveness Ushs'000	Accumulated fair value hedge adjustments UShs'000	Accumulated fair value hedge adjustments for which hedge accounting stopped
Interest rate risk fair value hedging relationships	-	-	-	-	-	-
Loans and advances to customers	28,899,963	-	273,181	273,181	273,181	-
Total items classified as fair value hedges	28,899,963	-	273,181	273,181	273,181	-

29.4 Hedge ineffectiveness recognised in profit or loss

For the period ended 31 December 2024	Other operating expenses gain/(loss) UShs'000	Trading revenue gain/(loss) UShs'000	Net interest income gain/(loss) UShs'000	Total UShs'000
Interest rate risk fair value hedging relationships	-	-	252,917	252,917
Loans and advances to customers	-	-	-	-
Total items classified as fair value hedges	-	-	252,917	252,917

For the period ended 31 December 2023	Other operating expenses gain/(loss) UShs'000	Trading revenue gain/(loss) UShs'000	Net interest income gain/(loss) UShs'000	Total UShs'000
Interest rate risk fair value hedging relationships	-	-	65,681	65,681
Loans and advances to customers	-	-	-	-
Total items classified as fair value hedges	-	-	65,681	65,681

30. Deposits from customers

GROUP	2024 UShs' 000	2023 UShs' 000
Current and demand deposits	5,434,168,989	5,008,387,381
Savings accounts	821,798,575	761,197,267
Fixed and call deposit accounts	845,710,100	559,445,262
Flexipay wallet deposit	5,193,939	3,821,679
	7,106,871,603	6,332,851,589

The weighted average effective interest rate on customer deposits was 3.8% (2023: 2.7%). Included in customer deposits are electronic wallet deposits relating to Flexipay customers amounting to UShs 5.2 billion (2023: UShs 3.8 billion) and MTN and Airtel escrow account balances of UShs 189 billion (2023: UShs 107 billion).

31. Deposits from banks

GROUP	2024 UShs' 000	2023 UShs' 000
Balances due to other banks - local currency	216,864,739	37,480,380
Balances due to other banks - foreign currency	46,775,831	59,224,345
	263,640,570	96,704,725

32. Borrowed funds

GROUP	2024 UShs' 000	2023 UShs' 000
Bank of Uganda: Agricultural Credit Facility	37,595,236	4,791,018
aBi 2020 Limited	5,789,547	11,836,241
International Fund for Agriculture Development (IFAD)	18,497,714	-
	61,882,497	16,627,259
Movement Analysis		
As at 1 January	16,627,259	37,324,647
New disbursements - BOU	34,238,889	985,650
New disbursements - Others	19,920,196	10,391,194
Payments to BOU	(1,434,672)	(27,152,960)
Payments -Others	(7,469,175)	(4,921,272)
Net movement	45,255,238	(20,697,388)
As at 31 December	61,882,497	16,627,259

The Government of Uganda, through Bank of Uganda (BOU), set up an Agricultural Credit Facility scheme for the purpose of supporting agricultural expansion and modernization in partnership with commercial banks. All eligible Stanbic Bank Uganda Limited customers receive 50% financing from the Government of Uganda through the BOU-administered credit facility while the other 50% is provided by the Group. The outstanding balance as at 31 December was UShs 37,595 million (2023: UShs 4,791 million). The Group does not pay any interest to the Government of Uganda. Refunds to the government are made half yearly and as at 31 December 2024, the last payment instalment was due on 18 November 2029. The Group complied with all the terms and conditions of the agreement during the year.

As part of the effort to support the recovery of the economy following the effects of COVID-19, the Group partnered with several entities to support the lower echelons of the economy which has Village Savings and Lending Associations (VSLA), Savings and Credit Cooperative Organisations (SACCO), Cooperatives and Microfinance institutions. These entities include.

aBi 2020 Limited: In 2021, the Group and aBi 2020 Limited signed an agreement for a concessional funding of UShs 20 billion at the interest rate of 5% to support on lending to the qualifying entities operating in the agricultural sector. As at 31 December 2024, the outstanding borrowed funds amounted to UShs 5.8 billion (2023: UShs 11.8 billion).

International Fund for Agriculture Development (IFAD): In 2023, the Bank and IFAD signed an agreement for a concessional funding of USD 5 million at the interest rate of 2% to support on lending to the listed entities operating in the agricultural sector especially in the rural areas. As at 31 December 2024 the outstanding borrowed funds amounted to UShs 18.5 billion which is now being utilised as per the agreement.

33. Provisions and other liabilities

	GROUP		COMPANY	
	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Uganda Revenue Authority - Tax revenue collections	**16,745,642**	13,783,191	**239,974**	101,330
Bills payable	**132,405,144**	152,599,483	**423,274**	62,665
Unclaimed balances	**75,857,815**	62,952,156	**-**	-
Sundry creditors	**28,337,845**	60,749,553	**417,393**	73,941
Unearned fees & commission income	**998,807**	1,593,744	**-**	-
Dividends payable	**29,740,314**	24,329,144	**29,740,314**	24,329,144
Expected credit loss for off-balance sheet exposures	**3,395,648**	2,595,111	**-**	-
Lease liabilities	**27,970,411**	33,732,915	**597,729**	-
Accepted letters of credit	**57,241,753**	72,520,860	**-**	-
Staff provisions	**55,203,041**	52,698,339	**1,692,505**	2,108,470
Litigation provisions	**14,550,067**	13,997,881	**-**	-
Other liabilities	**12,464,890**	5,876,225	**1,201,771**	1,004,670
	454,911,377	497,428,602	**34,312,960**	27,680,220

Included in other liabilities is the accruals for equity linked incentives of UShs 6.7 billion (2023: UShs 4.9 billion) and other sundry accruals of UShs 5.7 billion (2023: UShs 5.8 billion). Bills payable include driven change the Group projects of UShs 26.3 billion (2023: UShs 38.7 billion), clearance items in transit of UShs 39.5 billion (2023: UShs 51.4 billion), UShs 2.6 billion digital financial inclusion contribution (2023: UShs 2.6 billion) and grant funds from aBi 2020 Lilimted, Opportunity International (OI) and International Fund for Agriculture Development (IFAD).

aBi 2020 Limited extended a grant towards digitisation of SACCOs, Village Savings and Lending Associations (VSLAs), Cooperatives and Microfinance institutions to drive financial inclusion and efficiencies to run their businesses. The Group received the first tranche of UShs 1.2 billion which was disbursed to the SACCOs. The grant was fully spent by 31 December 2024 while the outstanding amount of the grant as of 31 December 2023 was UShs 34.8 million and this was recognised under other liabilities.

Opportunity International (OI) – The partnership between OI and SBU targets VSLAs, SACCOs, MSMEs and small holder farmers in Uganda who are involved in the agriculture value chain. The intervention from OI is to support the bank impact 90,000 farmers through capacity building, financing and digitalisation. The specific grant received last year was USD 100,000 to train leaders in 400 SACCOs/VSLAs in areas of increase in productivity, post-harvest handling, credit management, leadership and governance. The outstanding balance as at 31 December 2024 was UShs 3.4 million (2023: UShs 35.7 million)

International Fund for Agriculture Development (IFAD) is partnering with SBU to increase international payments for SACCOs in the agriculture sector. The total grant is Eur 335,090 of which Eur 100,000 was disbursed in 2024 and is supporting the building of capability for 10 SACCOs through technical assistance and training to enable them to improve their ability to process cross border payments. The project also seeks to improve linkages between SACCOs and international off-takers who are the buyers of their produce. Flexipay has partnered with 11 international remittance companies to provide a service to the targeted SACCOs. The outstanding balance as at 31 December 2024 was UShs 231.6 million.

33.1 Reconciliation of expected credit losses for off-balance sheet exposure

For the year ended 31 December 2024	At start of Year	Total transfers between stages	Income statement movements				Net impairments raised/ (released)[1] UShs'000	Exchange and other movements UShs'000	At end of Year UShs'000
			ECL on new exposures raised UShs'000	Change in ECL due to modifications UShs'000	Subsequent changes in ECL UShs'000	Change in ECL due to derecognition UShs'000			
Letters of credit and bank acceptances									
Stage 1	**(247,278)**	**-**	**-**	**-**	**195,077**	**(23,148)**	**171,929**	**1,628**	**(73,721)**
Stage 2	**-**	**-**	**-**	**-**	**5**	**-**	**5**	**(5)**	**-**
Stage 3	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Guarantees									
Stage 1	**(2,158,564)**	**(188,789)**	**(517,334)**	**-**	**(343,255)**	**(113,424)**	**(1,162,802)**	**15,349**	**(3,306,017)**
Stage 2	**(189,269)**	**188,789**	**(15,909)**	**-**	**691**	**(480)**	**173,091**	**268**	**(15,910)**
Stage 3	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**(2,595,111)**	**-**	**(533,243)**	**-**	**(147,482)**	**(137,052)**	**(817,777)**	**17,240**	**(3,395,648)**

For the year ended 31 December 2023	Opening ECL UShs'000	Income statement movements			Net impairments raised/(released)[1] UShs'000	Exchange and other movements UShs'000	Opening ECL UShs'000
		ECL on new exposures raised UShs'000	Subsequent changes in ECL UShs'000	Change in ECL due to derecognition UShs'000			
Letters of credit and bank acceptances							
Stage 1	(527,209)	(12,729)	(256,931)	22,466	(247,194)	527,125	(247,278)
Stage 2	(7,104)	-	537,204	-	537,204	(530,100)	-
Stage 3	46,211	-	-	-	-	(46,211)	-
Guarantees							
Stage 1	(1,976,869)	(38,048)	(1,102,241)	58,478	(1,081,811)	900,116	(2,158,564)
Stage 2	(94,932)	(2)	812,784	-	812,782	(907,119)	(189,269)
Stage 3	(46,211)	-	-	-	-	46,211	-
Total	(2,606,114)	(50,779)	(9,184)	80,944	20,981	(9,978)	(2,595,111)

33.2 Changes in gross exposures relating to changes in ECL for off balance sheet exposures.

	Total transfers between stages	Movement in gross carrying amounts			Net movement in gross carrying amounts
For the year ended 31 December 2024		Gross amounts on new exposures Ushs'000	Change in gross amounts due to derecognition Ushs'000	Change in Gross amounts due to derecognition Ushs'000	Ushs'000
Letters of credit and bank acceptances					
Stage 1	**-**	**73,686,848**	**(59,382,383)**	**(168,815,140)**	**(154,510,675)**
Stage 2	**-**	**-**	**-**	**-**	**-**
Stage 3	**-**	**-**	**-**	**-**	**-**
Guarantees					
Stage 1	**(42,438,274)**	**805,711,175**	**(62,458,200)**	**(554,680,034)**	**146,134,667**
Stage 2	**42,438,274**	**2,368,491**	**(293,412)**	**(32,412,969)**	**12,100,384**
Stage 3	**-**	**-**	**-**	**-**	**-**
	-	**881,766,514**	**(122,133,995)**	**(755,908,143)**	**3,724,376**
For the year ended 31 December 2023					
Letters of credit and bank acceptances					
Stage 1	-	32,785,453	77,620,369	(26,584,224)	83,821,598
Stage 2	-	-	(1,123,094)	-	(1,123,094)
Stage 3	-	-	-	-	-
Guarantees					
Stage 1	-	116,495,458	6,651,756	(91,232,075)	31,915,139
Stage 2	-	3,438	(6,187,484)	-	(6,184,046)
Stage 3	-	-	-	-	-
Total	-	149,284,349	76,961,547	(117,816,299)	108,429,597

33.3 Reconciliation of lease liabilities

GROUP	Balance at 01 Jan 2023 UShs'000	Additions/ modification UShs'000	Terminations/ modifications and or Cancellations UShs'000	Interest Expense UShs'000	Payments UShs'000	Exchange and other movements UShs'000	Balance at 31 Dec 2024 UShs'000
Buildings	**(17,445,984)**	**(3,556,914)**	**3,270,173**	**(1,012,898)**	**7,763,286**	**(96,046)**	**(11,078,383)**
Branches	**(12,570,293)**	**(3,833,991)**	**(2,752,321)**	**(717,836)**	**9,534,069**	**(116,687)**	**(10,457,059)**
ATM Spaces & others	**(3,716,638)**	**(3,058,059)**	**(4,180,361)**	**(336,350)**	**4,926,208**	**(69,769)**	**(6,434,969)**
Total	**(33,732,915)**	**(10,448,964)**	**(3,662,509)**	**(2,067,084)**	**22,223,563**	**(282,502)**	**(27,970,411)**

GROUP	Balance at 01 Jan 2022 UShs'000	Additions/ modification UShs'000	Terminations/ modifications and or Cancellations UShs'000	Interest Expense UShs'000	Payments UShs'000	Exchange and other movements UShs'000	Balance at 31 Dec 2023 UShs'000
Buildings	(18,851,715)	(6,494,441)	1,391,610	(1,055,890)	7,564,452	-	(17,445,984)
Branches	(12,829,867)	(7,375,743)	935,546	(651,393)	7,351,164	-	(12,570,293)
ATM Spaces & others	(4,326,553)	(2,659,856)	191,228	(325,612)	3,404,155	-	(3,716,638)
Total	(36,008,135)	(16,530,040)	2,518,384	(2,032,895)	18,319,771	-	(33,732,915)

The Group leases various office, branch and ATM spaces. Rental contracts are typically made for fixed average periods of between three to ten years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group.

33.3 Reconciliation of lease liabilities (continued)

COMPANY	Balance at 01 Jan 2023 UShs'000	Additions/ modification UShs'000	Interest Expense UShs'000	Payments UShs'000	Exchange and other movements UShs'000	Balance at 31 Dec 2024 UShs'000
Buildings	-	(1,632,096)	(62,400)	1,090,489	6,278	(597,729)
Total	-	(1,632,096)	(62,400)	1,090,489	6,278	(597,729)

COMPANY	Balance at 01 Jan 2022 UShs'000	Additions/ modification UShs'000	Interest Expense UShs'000	Payments UShs'000	Exchange and other movements UShs'000	Balance at 31 Dec 2023 UShs'000
Buildings	(310,360)	(41,329)	(19,780)	371,469	-	-
Total	(310,360)	(41,329)	(19,780)	371,469	-	-

33.4 Maturity of undiscounted contractual cash flows for lease liabilities

GROUP

For the year ended 31 December 2024	Within 1 year UShs'000	From 1 to 5 years UShs'000	More than 5 years UShs'000	Total UShs'000
Buildings	645,534	12,966,634	1,676,104	15,288,272
Branches	870,211	17,824,412	-	18,694,623
ATM Spaces & others	287,593	6,279,522	90,100	6,657,215
Total	1,803,338	37,070,568	1,766,204	40,640,110

For the year ended 31 December 2023	Within 1 year UShs'000	From 1 to 5 years UShs'000	More than 5 years UShs'000	Total UShs'000
Buildings	2,603,142	16,510,946	1,887,822	21,001,910
Branches	2,771,197	12,066,555	3,445,069	18,282,821
ATM Spaces & others	2,175,160	5,467,497	91,300	7,733,957
Total	7,549,499	34,044,998	5,424,191	47,018,688

COMPANY

For the year ended 31 December 2024	Within 1 year UShs'000	From 1 to 5 years UShs'000	More than 5 years UShs'000	Total UShs'000
Buildings	-	1,224,300	-	1,224,300
Total	-	1,224,300	-	1,224,300

For the year ended 31 December 2023	Within 1 year UShs'000	From 1 to 5 years UShs'000	More than 5 years UShs'000	Total UShs'000
Buildings	-	-	-	-
Total	-	-	-	-

33.5 The incremental borrowing rates used to discount the minimum lease payments were as follows:

	GROUP		COMPANY	
	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Buildings	10.6%	10.1%	10.1%	10.5%
Branches	10.4%	10.5%	-	-
ATM Spaces and others	10.3%	10.0%	-	-

The following are the expenses charged to the income statement in respect to lease arrangements:

	GROUP		COMPANY	
	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Interest expense on lease liabilities	2,046,683	2,032,897	62,400	19,780
Depreciation of right of use assets (Note 25)	13,407,883	14,017,263	505,746	326,715
	15,454,566	16,050,160	568,146	346,495

33.6 Reconciliation of staff obligations

	GROUP 2024 USh's 000	GROUP 2023 UShs' 000	COMPANY 2024 UShs' 000	COMPANY 2023 UShs' 000
Opening balance 1 January	**52,698,339**	46,289,797	**2,108,470**	2,059,790
Less: provisions utilisation	**(59,402,314)**	(45,665,112)	**(1,809,096)**	(1,015,171)
Add: New provisions made in the year	**61,907,016**	52,073,654	**1,393,131**	1,063,851
Closing Balance 31 December	**55,203,041**	52,698,339	**1,692,505**	2,108,470

Staff obligations include staff bonus provisions and leave provisions

33.7 Reconciliation of litigation provision

	GROUP 2024 UShs' 000	GROUP 2023 UShs' 000
At start of year	**13,997,881**	11,452,929
Add: New provisions made in the year	**5,501,875**	2,846,574
Less: Cases settled	**(4,950,317)**	(3,040,085)
Less: Adjustments in provisions	**628**	2,738,463
At end of year	**14,550,067**	13,997,881

34. Subordinated debt

In 2021, the Group paid off the outstanding subordinated debt and simultaneously signed an unsecured 10-year term subordinated loan facility agreement with Standard Bank of South Africa (SBSA) as the lender which commenced on 1 April 2021. The subordinated loan which amounted to USD 20 million was sourced to supplement the Group's capital and diversify funding sources. The interest rate applicable as at 31 December 2024 was SOFR of 3.95% plus a margin of 2.2% (2023: 3.95% plus margin of 2.2%).

GROUP **As at 31 December 2024**	Date of issue	Carrying value UShs' 000	Notional value UShs' 000
Subordinated loan facility - Standard Bank South Africa	1 April 2021	**75,433,169**	**75,433,169**
		75,433,169	**75,433,169**

As at 31 December 2023	**Date of issue**	**UShs' 000**	**UShs' 000**
Subordinated loan facility - Standard Bank South Africa	1 April 2021	77,641,462	77,641,462
		77,641,462	77,641,462

Movement Analysis	2024	2023
As at 1 January	**77,641,462**	75,931,416
Interest expense	**7,837,724**	7,554,748
Interest paid	**(9,211,272)**	(7,176,158)
Exchange rate movement	**(834,745)**	1,331,456
Net movement	**(2,208,293)**	1,710,046
As at 31 December	**75,433,169**	77,641,462

In 2021, the Group paid off the outstanding subordinated debt and simultaneously signed an unsecured 10-year term subordinated loan facility agreement with Standard Bank of South Africa (SBSA) as the lender which commenced on 1 April 2021. The subordinated loan was sourced to supplement the Group's capital and diversify funding sources and amounted to USD 20 million at a SOFR rate plus 4.77% as at 31st December 2023.

35. Dividends

GROUP and COMPANY	2024 UShs '000	2023 UShs '000
(i) Dividends paid		
Final dividend for the year ended 31 December 2024 and 31 December 2023	**155,000,000**	185,000,000
Interim dividend for the year ended 31 December 2024 and 31 December 2023	**140,000,000**	125,000,000
	295,000,000	310,000,000
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of UShs 160 billion per fully paid ordinary share (2023: UShs 155 billion).	**160,000,000**	155,000,000

The Directors recommend payment of dividends per share of UShs 3.13 totalling UShs 160 billion for the year ended 31 December 2024 (2023: UShs 155 billion or UShs 3.03 per share). In the 2023 annual general meeting held in June 2024, dividends of UShs 3.03 per share totalling UShs 155 billion were declared and subsequently paid.

In addition, during the year ended 31 December 2024, the Directors declared interim dividends of UShs 2.73 per share totalling UShs140 billion which were paid during the year (2023: UShs 125 billion or Ushs 2.44 per share).

Payment of the dividends is subject to withholding tax as per the provisions of the Uganda Income Tax Act depending on the residence of the shareholders.

36. Off-balance sheet financial instruments, contingent liabilities and commitments

GROUP	2024 UShs' 000	2023 UShs' 000
Contingent liabilities		
Acceptances and letters of credit	**98,648,670**	253,159,330
Guarantees and performance bonds	**2,005,799,611**	1,847,564,487
	2,104,448,281	2,100,723,817
Commitments		
Commitments to extend credit	**1,725,657,428**	1,863,438,384
Currency forwards, options and swaps	**672,554,770**	1,154,032,198
	2,398,212,198	3,017,470,582
	4,502,660,479	5,118,194,399

SBU has committed funding to Stanbic Business Incubator Limited in form of annual donations of Ushs 1,942 million up to 2028

Nature of contingent liabilities

An acceptance is an undertaking by SBU to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, and reimbursement by the customer is normally immediate. Letters of credit commit the Group to make payments to third parties, on production of documents, which are subsequently reimbursed by customers. Guarantees are generally written by SBU to support performance by a customer to third parties. The Group will only be required to meet these obligations in the event of the customer defaulting. Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. SBU may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer.

Pending litigation

The Group is a litigant in several cases which arise in the normal course of business. The directors and management believe the Group has strong grounds for success in a majority of the cases and are confident that they should get a ruling in the favour of the Group and none of the cases individually or in aggregate would have a significant impact on the Group's operations. The directors have carried out an assessment of all the litigation cases outstanding as at 31 December 2024 and where considered necessary based on the merits of each case, a provision has been raised. In aggregate the total provisions raised amount to UShs 14.6 billion (2023: UShs 14 billion) which are reported under other liabilities (Note 32).

Other matters

Stamp duty

Following the 2016 amendment to the Stamp Duty Act, the Uganda Revenue Authority (URA) sought to levy stamp duty of 1% of the value of the performance bonds and guarantees instead of the fixed rate of UShs 10,000. Through the Uganda Bankers Association (UBA), an appeal was made to the Tax Appeals Tribunal (TAT) to interpret the question of the tax applicable.

The TAT declined to entertain the appeal on the grounds that it was filed after the statutory 6 months within which a decision of the URA must be appealed against. The UBA challenged this position in the High Court on the grounds that URA and UBA continued to discuss the matter and appealed to TAT only after negotiations failed.

URA on 25 March 2019, prior to the High Court hearing, issued a demand letter for UShs 9.95 billion in connection with the above treatment. UBA and the Bank immediately sought an interim order of injunction from the High Court restraining URA's enforcement of the tax liability. The main application was heard In the High Court, on 30 May 2019 and an order dated 27 June 2019, staying the execution was granted on condition that the applicants deposit 30% of UShs 9.95 billion with the High Court.

URA sent its objection decision on 13 June 2019 reconfirming its earlier decision. The Bank made its appeal to the TAT on 24 June 2019 and paid the mandatory 30% of the original assessment, amounting to UShs 2.9 billion and filed its defence at the TAT on 24 June 2019.

On 21 March 2022, TAT ruled that Performance Bonds, Advance Payment Bonds, and Guarantees are "Indemnity Bonds" but Bid Bonds are not "Indemnity Bonds". The Bank was therefore held liable for stamp duty of UShs 6,364,195,812.

The Bank appealed the ruling and applied to the High Court for a stay of execution on 31 March 2022 and the High Court granted an order restraining URA from enforcing the orders of the TAT in the TAT Application 56 of 2019 including collection of the tax of UShs 6,364,195,812 until the hearing of the appeal. The hearing was scheduled for 9 March 2023 and ruling expected on 19 June 2023, but this did not materialise.

In the event of an unsuccessful appeal process, a review of the stamp duty returns for the period from 1 January 2017 to 1 October 2018 shows additional stamp duty payable of UShs 12,523,697,907. The Bank continues to await the High Court ruling on the matter.

Transfer pricing

In August 2017, the Uganda Revenue Authority (URA) initiated a Transfer Pricing (TP) audit covering the years of assessment from 2012 to 2016 and in 2021 further extended the audit period to include 2017 to 2019. After a three-year period of inactivity, the audit resumed in May 2024 and culminated in February 2025 when URA issued a Transfer Pricing (TP) tax assessment to the Company and its bank subsidiary indicating a total potential principal tax liability of UShs 122.6 billion, comprising of the liability assessed on the Company of UShs 90.4 billion and that for the Bank of UShs 32.2 billion. In March 2025, the URA issued the report detailing the basis of the assessment indicating a total principal tax liability of UShs 133.7 billion comprising of the liability assessed on the Company of UShs 99.9 billion and that for the Bank of UShs 33.8 billion. This excludes interest and penalties which would apply, unless waived, if the tax liability crystalised.

As part of TP tax assessment, the URA requested for further clarification and additional information but also provided its opinion on a number of areas without consideration of the information and explanations provided. The Bank is in the process of objecting to the assessment and proving further clarity and explanation in areas for which the URA has requested.

Since the matter constitutes an uncertainty in terms of IFRIC 23 – Uncertainty over income tax treatments, the Bank is required to evaluate the most likely outcome and a reasonable estimate of the potential tax liability related to the assessment. The Bank has reviewed the URA tax assessment and prepared an IFRIC 23 assessment of the uncertainty over income tax presented by the assessment. The Group has relied on the opinion of tax advisors and legal counsel in developing the assessment which indicates that the Group has strong grounds to successfully object the assessment. As a result, the Group's management is of the view that no liability should be recognised in these consolidated and separate financial statements.

The Group's management has also assessed that in the unlikely event that any liability accrues from this matter, the Bank's capital position would remain robust to support the business.

Management has reviewed the impact of this assessment on the Bank's capital taking the worst-case scenario of the total principal tax amount assessed on the Bank (UShs 32.8 billion) and found that this would have a 0.4% drop on its capital by reducing core capital ratio from 19.7% to 19.3% and total capital ratio from 21.4% to 21.0%.

The following key assumptions and judgments have been made concerning this matter:

The documentation and information necessary to support that Group's objection will be made available to, and reviewed by, the URA.

The URA will have full knowledge and access to all information relevant to this assessment and a fair assessment, based on applicable laws and regulations, will be done.

37. Analysis of cash and cash equivalents as shown in the cash flow statement

	GROUP		COMPANY	
	2024 UShs' 000	2023 UShs' 000	2024 UShs' 000	2023 UShs' 000
Cash and balances with Bank of Uganda	**1,211,168,332**	1,079,035,695	**-**	-
Cash reserve requirement	**(742,420,000)**	(649,430,000)	**-**	-
Government securities maturing within 90 days	**377,292,288**	585,754,111	**-**	-
Placements with other banks	**376,777,407**	240,797,041	**-**	-
Amounts due from group companies	**1,173,660,878**	330,064,839	**245,538,652**	25,356,747
	2,396,478,905	1,586,221,686	**245,538,652**	25,356,747

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances maturing in 90 days or less from the date of acquisition including: cash and balances with Bank of Uganda, treasury bills and other eligible bills, amounts due from group companies and amounts due from other banks. Cash and cash equivalents exclude the cash reserve requirement held with Bank of Uganda (See Note 16).

38. Related party transactions

Stanbic Uganda Holdings Limited is 80% owned by Stanbic Africa Holdings Limited, which is incorporated in the United Kingdom. The ultimate parent and controlling party of the Group is Standard Bank Group Limited, incorporated in South Africa. The Company owns and/or controls Stanbic Properties Limited, SBG Securities Uganda Limited, Flyhub Uganda Limited, Stanbic Business Incubator Limited and Stanbic Bank Uganda Limited. There are other companies which are related to the Company through common shareholdings or common directorships. These include Standard Bank Isle of Man Limited, Standard Bank of South Africa, CfC Stanbic Bank Kenya Limited, Stanbic Bank Tanzania Limited, Stanbic Bank Botswana, Liberty Life Assurance Uganda Limited and Liberty General Insurance Uganda Limited. In the normal course of business, current accounts are operated, and placings of foreign currencies are made with the parent company and other group companies at interest rates in line with the market.

Key management personnel has been defined as the Bank's Board of Directors and prescribed officers effective. Non-executive directors are included in the definition of key management personnel in line with IFRS. The definition of key management includes the close family members of key management personnel and any entity over which key management exercises control or joint control. Close family members are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Group. They may include the person's domestic partner and children, the children of the person's domestic partner, and dependants of the person or the person's domestic partner.

Related party transactions further breakdown

	GROUP						COMPAMY	
	2024 USHs' 000			2023 USHs' 000			2024 USHs' 000	2023 USHs' 000
	Parent	Other	Total	Parent	Other	Total		
Amounts due from group companies								
Placements and borrowings	**771,685,698**	**394,085,845**	**1,165,771,543**	12,675,470	294,773,835	307,449,305	242,228,576	23,928,038
Other assets	**6,917,731**	**971,604**	**7,889,335**	21,242,124	1,373,410	22,615,534	3,310,076	1,428,709
	778,603,429	**395,057,449**	**1,173,660,878**	33,917,594	296,147,245	330,064,839	245,538,652	25,356,747
Amounts due to group companies								
Deposits and current accounts	**6,868,355**	**176,914,934**	**183,783,289**	5,145,604	209,855,396	215,001,000	-	-
Other liabilities	**45,349,524**	**1,284,120**	**46,633,644**	27,755,245	837,139	28,592,384	200,591	1,078,135
	52,217,879	**178,199,054**	**230,416,933**	32,900,849	210,692,535	243,593,384	200,591	1,078,135
Subordinated debt due to group companies								
Subordinated loans (see note 32)	**75,433,169**	**-**	**75,433,169**	77,641,462	-	77,641,462	-	-
Derivatives due from group companies (note 27)	**83,911,482**	**-**	**83,911,482**	73,347,060	-	73,347,060	-	-
Derivatives due to group companies (note 27)	**37,038,918**	**18**	**37,038,936**	47,727,733	1,141	47,728,874	-	-
Income and expenses								
Interest income earned	**7,019,849**	**29,306,048**	**36,325,897**	395,579	4,140,196	4,535,775	-	-
Interest expense paid	**9,256,044**	**8,924,936**	**18,180,980**	7,785,814	11,924,016	19,709,830	-	-
Trading Revenue	**(59,843,738)**	**(1,123)**	**(59,844,861)**	31,378,697	5,955,814	37,334,511	-	-
Commission income	**76,053**	**7,408,314**	**7,484,367**	9,928,552	8,335,089	18,263,641	-	-
Commission expense	**24,367**	**-**	**24,367**	9,928,552	8,335,089	18,263,641	-	-
Operating expenses incurred	**72,633,508**	**4,606,112**	**77,239,620**	63,897,194	2,072,838	65,970,032	-	-

Included in operating expenses incurred is franchise fees of UShs 38 billion (2023: UShs 36 billion), (Note 13).

Reconciliation of expected credit losses for placements with group companies measured at amortised cost

		Income statement movements						
Year ended 31 December 2024	**Opening ECL at 1 Jan 2024**	**Total transfers between stages**	**ECL on new exposures raised**	**Subsequent changes in ECL**	**Change in ECL due to derecognition**	**Net impairments raised/(released)**	**Exchange and other movements**	**At end of year**
	UShs'000	**UShs'000**	**UShs'000**	**UShs'000**	**UShs'000**	**UShs'000**	**UShs'000**	**UShs'000**
Stage 1	**(1,155)**	-	**(171,608)**	**(1,280)**	-	**(172,888)**	-	**(174,043)**
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-		-
Total	**(1,155)**	-	**(171,608)**	**(1,280)**	-	**(172,888)**	-	**(174,043)**
Year ended 31 December 2023				-				
Stage1	(16,395)	-	-	15,240	-	15,240	-	(1,155)
Stage2	-	-	-	-	-	-	-	-
Stage3	-	-	-	-	-	-	-	-
Total	(16,395)	-	-	15,240	-	15,240	-	(1,155)

SBU has an agreement with Liberty Life Assurance Uganda Limited and Liberty General Insurance Uganda Limited for which it receives a share of the net income derived from the bancassurance business. The Group also acts as an agent and receives commission. Included in other assets in Note 23 is commission earned but not yet received from the bancassurance business and revenue share of UShs 9.1 billion (2024: UShs 8.3 billion).

The Group has lease agreements with Stanbic Properties Uganda Limited. As at 31 December 2023, the Group had right-of-use assets of UShs 8.0 billion and lease liabilities of UShs 4.8 billion (2023: UShs 9.3 billion and UShs 5.7 billion respectively) related to lease arrangements with Stanbic Properties Limited.

Nature of the transactions with related parties

The Group has transfer pricing agreements with related parties which include the franchise arrangement with the parent entity. These agreements are in accordance with the Organisation for Economic Co-operation and Development Guidelines (OECD) pricing principles and applicable local legislation. The franchise arrangement charge is determined through an independently assessed benchmark, arrived at by comparing with franchise charges levied against comparable unrelated financial institutions for the package of benefits which includes using the parent entity brand, know-how and show how

In the normal course of business, the Group has the following transactions with its related parties:

- Current accounts operation and placement of foreign currencies
- IT services including procurement and maintenance of various banking systems like Business Online (BOL)
- Payment of franchise and management fees to the parent company
- Money market borrowing and lending
- Economic hedge transactions like interest rate swaps with various clients
- Loans or borrowings

Loans to key management and related parties for the year ended 31 December 2024

As at 31 December 2024 Names of Insider borrowers including related interests	Aggregate amount outstanding'000	Interest Rate	Status Performing or Non-performing	Facility
Directors	**2,446,349**	**7.5%-38%**	**Performing**	**Loans and advances**
Non-Executive Officers	**1,029,449**	**7.5%-38%**	**Performing**	**Loans and advances**
Executive Officers	**4,105,678**	**7.5%-38%**	**Performing**	**Loans and advances**
Credit extensions to individual affiliates	**72,811**	**18%-19.5%**	**Performing**	**Loans and advances**
Total	**7,654,287**			

As at 31 December 2023 Names of Insider borrowers including related interests	Aggregate amount outstanding'000	Interest Rate	Status Performing or Non-performing	Facility
Directors	2,202,924	7.5%-38%	Performing	Loans and advances
Non-Executive Officers	3,374,185	7.5%-38%	Performing	Loans and advances
Executive Officers	1,417,454	7.5%-38%	Performing	Loans and advances
Credit extensions to individual affiliates	78,263	18%-19.5%	Performing	Loans and advances
Total	7,072,826			

Loans granted to non-executive directors and their affiliates are granted at commercial rates while those granted to executive directors and executives are at: Mortgage – 50% of prime rate, staff miscellaneous and car loans – 75% of prime rate, study loans – 0%.

No specific impairment has been recognised in respect of loans advanced to related parties (2023: Nil) as the probability of default is insignificant.

Deposits with key management and related parties for the year ended 31 December 2024

	2024		
Names of related Party	**Aggregate amount outstanding'000**	**Interest Rate**	**Facility**
Directors	**217,745**		Deposit
Executive Officers	**1,072,973**		Deposit
	1,290,718		

Deposits with Key Management and related parties

	2023		
Names of related Party	**Aggregate amount outstanding'000**	**Interest Rate**	**Facility**
Directors	1,481,972		Deposit
Executive Officers	657,078		Deposit
	2,139,050		

Interest Income	2024 Ushs' 000	2023 Ushs' 000
Interest income from key management loans	**719,450**	622,345
	719,450	622,345

Key management compensation	2024 Ushs' 000	2023 Ushs' 000
Key management compensation		
Salaries and other short term employment benefits post-employment benefits	**20,138,390**	24,928,143
Post Employment Benefits	**2,637,359**	2,753,091
	22,775,749	27,681,234
Directors' remuneration		
Directors' fees	**1,290,798**	1,085,715
Other emoluments included in management compensation	**7,460,683**	11,951,078
	8,751,481	13,036,793

Interest Income	2024 Ushs' 000	2023 Ushs' 000
Interest income from key management loans	**719,450**	622,345
	719,450	622,345
Key management compensation		
Salaries and other short term employment benefits post-employment benefits	**20,138,390**	24,928,143
Post Employment Benefits	**2,637,359**	2,753,091
	22,775,749	27,681,234
Directors' remuneration		
Directors' fees	**1,290,798**	1,085,715
Other emoluments included in management compensation	**7,460,683**	11,951,078
	8,751,481	13,036,793

39. Equity linked transactions

GROUP	2024 UShs' 000	2023 UShs' 000
Expenses recognised in staff costs		
Share appreciation rights scheme (SARP)	**36,746**	86,723
Deferred bonus scheme (DBS)	**82,788**	58,229
Performance reward plan (PRP)	**1,912,339**	805,475
Cash-settled deferred bonus scheme (CSDBS)	**6,887,118**	1,671,294
Total expenses recognised in staff costs	**8,918,991**	2,621,721
Summary of liabilities recognised in other liabilities		
Share appreciation rights scheme (SARP)	**166,077**	100,826
Deferred bonus scheme (DBS)	**45,725**	56,358
Performance reward plan (PRP)	**2,667,503**	1,138,150
Cash-settled deferred bonus scheme (CSDBS)	**3,784,895**	1,953,928
Total liability recognised in other liabilities	**6,664,200**	3,249,262

Shares Appreciation Right Scheme (SARP)

The SARP is a long-term incentive which was introduced in 2021 and represents appreciation rights allocated to employees. The converted value of the rights is effectively settled by issue of shares equivalent to the value of the rights. Vesting and expiry of the rights are indicated below:

	Year	% vesting	Expiry
SARP	**2,3,4**	**33,67,100**	4,5,6

Awards are issued to individuals in employment of a group entity domiciled in South Africa are classified as equity-settled and awards made to individuals of a group entity outside of South Africa are classified as cash-settled.

A reconciliation of the movement of share options is detailed below:

GROUP	Number of rights 2024	2023
SARP		
Units outstanding at beginning of the year	**38,031**	22,509
Transfers	-	191,702
Granted	-	-
Exercised	(5,486)	(634)
Forfeited	(9,771)	(175,546)
Rights outstanding at the end of the year	**22,774**	**38,031**
Average price range (rand)	**46.96**	**44.30**
Expected life (years)	**2.51**	**2.51**

During the year, no SBG shares were issued to settle the appreciated rights value. At the end of the year the SBG shares would need to be issued to settle the outstanding appreciated rights value.

The following rights granted to employees, including executive directors, had not been exercised as at 31 December 2024.

Number of rights	Option price range (rand)	Weighted average price (rand)	Option expiry period
7,253	44.21	44.21	Year to 31 December 2025

The share appreciation rights granted are valued using a Black-Scholes option pricing model. Each grant is valued separately. There were no weighted fair value of the options granted per vesting and the assumptions utilized for 2024.

Cash settled deferred bonus scheme (CSDBS)

All employees granted an annual performance award over a threshold and who are in employment in a group entity outside of South Africa have part of their award deferred. In addition, the group makes special awards to qualifying employees in employment of a group entity. The awards are classified as cash-settled awards.

The award units are denominated in employee's host country local currency, the value of which moves parallel to the changes in the price of the SBG shares listed on the Johannesburg Stock Exchange (JSE) and accrue notional dividends over the vesting period which are payable on vesting.

Awards vest in three equal tranches at 18 months, 30 months and 42 months from the date of award. The final pay-out is determined with reference to the SBG share price on the vesting date.

The following table shows the cash settled deferred bonus scheme:

GROUP	2024							
Currency	Weighted average fair value at grant date	Expected life at grant date (years)	Opening balance	Granted	Exercised	Transferred between group companies	Forfeited	Outstanding
			Ushs	Ushs	Ushs	Ushs	Ushs	Ushs
GHS	-	2.51	-	-	-	-	-	-
GBP	-	2.51	-	-	-	-	-	-
KES	186.11	2.51	-	14,239	-	-	-	14,239
NAD	-	2.51	-	-	-	-	-	-
UGX	186.27	2.51	23,943,744	17,054,176	(11,918,136)	2,363,316	(3,083,319)	28,359,781
NGN	181.46	2.51	358,021	292,296	(165,096)	-	-	485,221
ZAR	180.26	2.51	23,087	13,629	(11,621)	-	-	25,095

2023								
Currency	Weighted average fair value at grant date	Expected life at grant date (years)	Opening balance	Granted	Exercised	Transferred between group companies	Forfeited	Outstanding
			Ushs	Ushs	Ushs	Ushs	Ushs	Ushs
GHS	-	2.51	-	-	-			
GBP	-	2.51	208	128	(104)	-	(232)	-
KES	-	2.51	15,720	-	-	-	(15,720)	-
NAD	-	2.51	1,247	-	(1,247)	-	-	-
UGX	170.68	2.51	21,103,019	28,832,275	(11,134,858)	-	(14,856,692)	23,943,744
NGN	169.57	2.51	284,660	209,238	(135,877)	-	-	358,021
ZAR	172.97	2.51	23,670	46,079	(19,438)	-	(27,224)	23,087

Deferred bonus scheme (DBS)

In 2012, changes were made to the existing DBS to provide for a single global incentive deferral scheme across the SBG entities. The purpose of the DBS is to encourage a longer-term outlook in business decision-making and closer alignment of performance with long-term value creation.

All employees granted an annual performance award over a threshold have part of their award deferred. The award is indexed to the SBG share price and accrues notional dividends during the vesting period, which are payable on vesting. The awards vest in three equal amounts at 18 months, 30 months and 42 months from the date of award. The final pay-out is determined with reference to the SBG share price on the vesting date.

The movement in the deferred bonus scheme is as follows:

GROUP	Units	
	Dec-24	Dec-23
Reconciliation		
Units outstanding at beginning of the year	**1,541**	2,939
Granted	**4,127**	5,134
Exercised	**(1,444)**	(2,387)
Lapsed	**-**	(4,145)
Transfers	**-**	-
Units outstanding at end of the year	**4 224**	1 541
Average price range (rand)	**240.48**	144.16
Expected life (years)	**2.51**	2.51

Performance reward plan (PRP)

A new long-term performance driven share plan commenced in March 2014 which rewards value delivered against specific targets. The PRP incentivises a group of senior executives to meet the strategic long-term objectives that deliver value to shareholders, to align the interests of those executives with those of shareholders and to act as an attraction and retention mechanism in a highly competitive marketplace for skills. The PRP operates alongside the existing conditional, equity-settled long-term plans, namely the EGS, the group share incentive scheme (GSIS) and DBS post 2011.

The PRP is settled in SBG shares to the employee on the applicable vesting dates together with notional dividends that are settled in cash. The shares that vest (if any) and that are delivered to the employee are conditional on the pre-specified performance metrics.

A reconciliation of the movement of the performance reward plan was as follows:

GROUP	Units	
	Dec-24	Dec-23
Reconciliation		
Units outstanding at beginning of the year	**79,200**	46,557
Granted	**2,120**	23,964
Exercised	**(33,920)**	11,080
Lapsed	**-**	(2,401)
Transfers	**-**	-
Units outstanding at end of the year	**47 400**	79 200
Average price range (rand)	**169.54**	158.48
Expected life (years)	**2.51**	2.51

40. Investment in subsidiary

COMPANY	Beneficial owner ship	Country of Incorporation	2024 USHs' 000	2023 USHs' 000
Stanbic Bank Uganda Limited	100%	Uganda	**881,068,551**	881,068,551
FLYHUB Uganda Limited	100%	Uganda	**10,000,000**	10,000,000
Stanbic Properties Limited	100%	Uganda	**8,958,938**	8,958,938
Stanbic Business Incubator Limited	100%	Uganda	**100,000**	100,000
SBG Securities Uganda Limited	100%	Uganda	**4,000,000**	3,000,000
			904,127,489	903,127,489

Stanbic Bank Uganda Limited

Stanbic Bank Uganda Limited (SBU) is a licensed financial institution under the Financial Institutions Act, 2004, (as amended) and is a member of the Uganda Bankers Association. The Bank is engaged in the business of commercial banking and the provision of related banking services. The principal place of business for SBU is Plot 17 Hannington Road, Short Tower - Crested Towers, P. O. Box 7131, Kampala, Uganda.

Stanbic Properties Limited

Stanbic Properties Limited ("SPL") was incorporated on 5 February 2020 and started business operations on 1 May 2020. SPL holds and manages the real estate portfolio of the Group. Other services offered to clients include site acquisition, property consultancy and execution of real estate projects. The principal place of business for SPL is Plot 17 Hannington Road, Tall Tower – Crested Towers, Mezzanine Floor, P. O. Box 7395, Kampala, Uganda.

FLYHUB Uganda Limited

FLYHUB Uganda Limited ("FLYHUB") was incorporated on 8 October 2020. FLYHUB is a fintech company that provides financial technology and innovative services as part of the Group's digital transformation journey. The principal place of business for FLYHUB is Plot 5, Lower Kololo Terrace, P. O. Box 7131, Kampala, Uganda.

Stanbic Business Incubator Limited

Stanbic Business Incubator Limited ("SBIL") is a company limited by guarantee, incorporated on 18 May 2020 and commenced its activities as a separate entity on 1 June 2020. SBIL was set up as part of the reorganisation process to continue training SMEs in Uganda by equipping them with best business practices in management, record keeping, marketing and finance in order to address the challenges of short lifespan of SMEs in the economy. Stanbic Bank Uganda Limited started this initiative in 2018 before the reorganisation with the business incubator operating as a unit under Business Banking. The principal place of business for SBIL is Plot 5, Lower Kololo Terrace, P. O. Box 7395, Kampala, Uganda.

SBG Securities Uganda Limited

SBG Securities Uganda Limited ('SBGS) was incorporated and registered by the Registrar of Companies in Uganda as a private limited liability company on 6 November 2020. SBGS was established to acquire the business of SBG Securities Limited (Uganda Branch) and carry out other securities business in Uganda.

41. Interest rate benchmarks and reference interest rate reform

The Group had no LIBOR linked contracts that extend beyond 2024. The Group ceased booking new LIBOR linked exposures from 1 October 2021, apart from very limited circumstances to align with industry guidance and best practice. The new exposures are booked using the Alternative Reference Rates (ARRs) being SOFR, SONIA, and ESTR. In certain instances, other suitable rates may be used, such as the Central Bank Policy Rate.

The table below shows the outstanding exposures that have not yet transitioned from LIBOR interest rate benchmarks:

GROUP	GBP LIBOR 2024 UShs'000	USD LIBOR 2024 UShs'000	EUR IBOR 2024 UShs'000	Other IBORs 2024 UShs'000	Not subject to IBOR reform 2024 UShs'000	Total 2024 UShs'000
Loans and advances	-	-	-	-	**5,916,118,047**	**5,916,118,047**
Total assets recognized on the balance sheet subject to IBOR reform	-	-	-	-	**5,916,118,047**	**5,916,118,047**

GROUP	GBP LIBOR 2023 UShs'000	USD LIBOR 2023 UShs'000	EUR IBOR 2023 UShs'000	Other IBORs 2023 UShs'000	Not subject to IBOR reform 2023 UShs'000	Total 2023 UShs'000
Loans and advances	-	**54,518,164**	-	-	**4,718,638,880**	**4,773,157,044**
Total assets recognized on the balance sheet subject to IBOR reform	-	**54,518,164**	-	-	**4,718,638,880**	**4,773,157,044**

42. Statement of cash flows notes

The table below discloses the indirect method of analysing changes in cash and cash equivalents during a period.

	GROUP		COMPANY	
	2024 UShs' 000	**2023 UShs' 000**	**2024 UShs' 000**	**2023 UShs' 000**
Reconciliation of net income before taxation to cash flows from operating activities				
Net income before taxation	**651,069,612**	540,946,727	**513,870,925**	309,537,446
Adjusted for:				
- Depreciation - property & equipment	**31,487,431**	32,306,644	**858,911**	655,533
- Amortisation of intangible assets	**15,549,440**	15,252,032	**-**	-
- Loss on disposal of fixed assets	**(165,608)**	(382,770)	**-**	-
- Fair value adjustment in trading assets	**(1,018,565)**	10,081,788	**-**	-
- Loan impairment Charges	**64,139,926**	109,143,872	**-**	-
Interest in suspense released on cured loans and advances	**(1,237,664)**	(1,739,577)	**-**	-
Modification gains and losses	**-**	(2,633,553)	**-**	-
- Changes in provisions and accruals	**52,499,759**	(15,395,837)	**(808,318)**	(544,651)
Cash flows from operating activities	**812,324,331**	687,579,326	**513,921,518**	309,648,328
Income tax (paid)/refund	**(188,577,225)**	(130,359,298)	**(371,751)**	5,744,292
(Increase)/decrease in operating assets				
Increase in derivative assets	**(609,872)**	12,116,446	**-**	-
(Increase)/decrease in financial investments	**(184,058,047)**	492,479,618	**(2,153,369)**	(10,014,744)
Decrease/(increase) in trading assets	**368,449,114**	(189,699,876)	**-**	-
Increase in cash reserve requirement	**(92,990,000)**	(14,480,000)	**-**	-
Increase in loans and advances to customers and banks	**(211,047,865)**	(242,358,649)	**-**	-
Increase in other assets	**(249,003,114)**	78,046,542	**(6,332)**	8,992
	(369,259,784)	136,104,081	**(2,159,701)**	(10,005,752)
(Increase)/decrease in operating liabilities				
Increase in customer deposits	**776,819,185**	207,513,391	**-**	-
(Decrease)/Increase in deposits and balances due to other banks	**171,244,803**	(45,239,781)	**-**	-
(Decrease)/Increase in deposits from group companies	**(13,176,451)**	23,513,423	**(877,544)**	502,350
Increase in derivative liabilities	**(2,269,838)**	(13,922,857)	**-**	-
Increase in other liabilities	**(78,060,280)**	8,062,562	**6,910,833**	7,083,342
	854,557,419	179,926,738	**6,033,289**	7,585,692
Net cash from operating activities	**1,109,044,741**	873,250,847	**517,423,355**	312,972,560
Cash flows from investing activities				
Purchase of property & equipment	**(21,155,741)**	(26,457,650)	**(213,361)**	(225,754)
Purchase of computer software	**(5,662,003)**	(598,448)	**-**	-
Proceeds from sale of property & equipment	**181,857**	485,373	**-**	-
Net cash used in investing activities	**(26,635,887)**	(26,570,725)	**(213,361)**	(225,754)
Cash flows from financing activities				
Principle lease payments	**(20,156,479)**	(16,286,876)	**(1,028,089)**	(391,249)
Dividends paid to shareholders	**(295,000,000)**	(310,000,000)	**(295,000,000)**	(310,000,000)
investment in Subsidiary	**-**	-	**(1,000,000)**	(6,623,000)
(Decrease)/increase in borrowed funds	**45,255,238**	(20,697,388)	**-**	-
Increase/(decrease) in subordinated debt	**(2,250,394)**	2,088,627	**-**	-
Net cash used financing activities	**(272,151,635)**	(344,895,637)	**(297,028,089)**	(317,014,249)

43 Retained earnings

This comprises prior period retained profits, plus profit for the year (less)/plus appropriation of statutory risk reserve less proposed dividends and interim dividends paid. .

44 Events after the reporting period

As disclosed in Note 36, in February 2025, the URA issued to the Group a transfer pricing assessment.

There were no other events after the reporting period which require adjustment to or disclosure in the financial statements.

List of acronyms

ABC	Agent Banking Corporation
ACCA	Association of Certified Chartered Accountants
AGM	Annual General Meeting
ADF	Africa Development Fund
AFS	Annual Financial Statements
ALCO	Asset and Liability Committee
AML/CFT	Anti Money Laundering /Combatting the Financing of Terrorism
ATM	Automated Teller Machines
BCP	Business Continuity Plan
BAC	Board Audit Committee
BALCO	Board Asset and Liability Committee
BCC	Board Credit Committee
BCC	Business and Consumer Clients
BCM	Business Continuity Management
Bn	billion
BNA	Bulk Note Acceptor
BOD	Board of Directors
BOU	Bank of Uganda
BRMC	Board Risk Management Committee
BUBU	Buy Uganda Build Uganda
CAR	Capital Adequacy Ratio
CBR	Central Bank Rate
CCAEA	Climate Change Climate East Africa
CBS	Core Banking System
CCC	Customer Care Centre
CDE	Customer Decisioning Engine
CDM	Cash Deposit Machine
CHNW	Consumer and High Networth Customers
CIB	Corporate and Investment Banking
CLR	Credit Loss Ratio
CMA	Capital Markets Authority
CRMC	Credit Risk Management Committee
CSP	Customer Service Point
CSI	Corporate Social Investment
CTI	Cost to Income Ratio
CSR	Corporate Social Responsibility
C&R	Custody and Registry
DBS	Deferred Bonus Scheme
EAD	Exposure at Default
EACOP	East Africa Crude Oil Pipeline
EAR	Earnings at Risk
ECI	Employee Community Involvement
ECL	Expected Credit Loss
EERF	Economic Enterprise Restart Fund
EIR	Effective Interest Rate
ESG	Environment Social and Governance
EPS	Earnings per Share
ETR	Employee Turnover Rate
ERM	Enterprise Risk Management
EY	Ernst & Young
FDI	Foreign Direct Investments
FIA	Financial Institutions Act, 2004, (as amended)
FID	Final Investment Decision
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GRI	Global Reporting Initiatives
GDP	Gross Domestic Product
GSIS	Group Share Incentive Scheme
GoU	Government of Uganda
GRS	Global Remuneration Services
HC	Human Capital
AS	International Accounting Standards
IA	Internal Audit
IASB	International Accounting Standards Board
IC	Intellectual Capital
ICAAP	Internal Capital Adequacy Assessment Process
ICPAU	Institute of Certified Public Accountants of Uganda
ICT	Information and Communication Technology
IESBA	International Ethics Standards Board for Accountants
IFRS	IFRS Accounting Standards as issued by the International Accounting Standards Board
IIS	Interest in Suspense
IMF	International Monetary Fund
IRB	Internal Ratings-Based approach
ISAs	International Standards on Auditing
JSE	Johannesburg Stock Exchange
KPMG	Klynveld Peat Marwick Goerdeler
KYC	Know Your Customer
L&D	Learning and Development
LGD	Loss Given Default
LPO	Local Purchase Order
MFC	Manufactured Capital
MDI	Microfinance Deposit Accepting Institution
MFID	Markets in Financial Instruments Directive
MPC	Monitory Policy Committee
MSME	Micro, Small and Medium Enterprises
NBI	National Bank of India
NC	Natural Capital
NED	Non-Executive Director
NIM	Net Interest Margin
NIRA	National Identification and Registration Authority
NPS	Net Promoter Score
OCI	Other Comprehensive Income
OHS	Occupational Health and Safety
PAT	Profit After Tax
PAYE	Pay as You Earn
PBT	Profit Before Income Tax
PD	Probability of Default
PFIs	Participating Financial Institutions
PSC	Private Sector Credit
PMI	Purchase Manager's Index
PPE	Personal Protective Equipment
RAS	Risk Appetite Statement
REPO	Repurchase Loan Agreement
RET	Regrettable Employee Turnover rate
ROA	Return on Assets
ROE	Return on Equity
RSL	Interest Rate Sensitive Liabilities
SACCOs	Savings and Credit Cooperatives
SAHL	Stanbic Africa Holdings Limited
SBUL	Stanbic Bank Uganda Limited
SEE	Social Economic and Environment
SFIs	Supervised Financial Institutions
SME	Small and Medium Enterprises
SOFP	Statement of Financial Position
SBGS	Standard Bank Group Securities
SPL	Stanbic Properties Limited
SBIL	Stanbic Business Incubator Limited
SUHL	Stanbic Uganda Holdings Limited
SRC	Social and Relational Capital
SEE	Social Economic Environmental
TED	Technology Entertainment and Design
UCBL	Uganda Commercial Bank Limited
URA	Uganda Revenue Authority
USE	Uganda Securities Exchange
UNBS	Uganda National Bureau of Standards
UNDP	United Nations Development Programme
VAF	Vehicle and Asset Finance
VSLA	Village Savings and Credit Associations
WEF	With Effect From
WFH	Working from Home
WFO	Work from Office
YELP	Young and Emerging Leaders Project
IDG	International Development Groups

Financial definitions

COMPOUND ANNUAL GROWTH RATE - CAGR	The average year-on-year growth rate of an investment over several years.
PROFIT FOR THE YEAR (UShs)	Annual Income statement profit attributable to ordinary shareholders stated in Uganda Shillings.
EARNINGS PER SHARE (UShs) - EPS	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue stated in Uganda Shillings.
RETURN ON AVERAGE EQUITY (%) - ROE	Earnings as a percentage of average ordinary shareholders' funds.
RETURN ON AVERAGE ASSETS (%) - ROA	Earnings as a percentage of average total assets.
NET INTEREST MARGIN (%) - NIM	Net interest income as a percentage of average total assets.
CREDIT LOSS RATIO (%)	Provision for credit losses per the Statement of Comprehensive Income as a percentage of gross loans and advances.
COST-TO-INCOME RATIO (%)	Total operating expenses as a percentage of total income before deducting the provision for credit losses.
EFFECTIVE TAX RATE (%)	The income tax charge as a percentage of income before tax, excluding income from associates.
DIVIDEND PER SHARE (UShs)	Total ordinary dividends declared per share with respect to the year.
DIVIDEND COVER (TIMES)	Earnings per share divided by total dividends per share.
PRICE EARNINGS RATIO (%)	Closing share price divided by earnings per share.
DIVIDENDS YIELD (%)	Dividends per share as a percentage of the closing share price.
CORE CAPITAL	Permanent shareholder's equity in the form of issued and fully paid-up shares plus all disclosed reserves, less goodwill, or any intangible assets.
SUPPLEMENTARY CAPITAL	General provisions which are held against future and current unidentified losses that are freely available to meet losses which subsequently materialize, and revaluation reserves on banking premises, and any other form of capital as may be determined from time to time, by the Central Bank.
TOTAL CAPITAL	The sum of core capital and supplementary capital.
TOTAL CAPITAL ADEQUACY	Total capital divided by the sum of total risk weighted assets and total risk weighted contingent claims.
CREDIT IMPAIRMENT CHARGE (SHS)	The amount by which the period profits are reduced to cater for the effect of credit impairment.
LENDING RATIO	Net loans and advances divided by total deposits.
PERCENTAGE CHANGE IN CREDIT LOSS RATIO (%)	Ratio of change in the rate of credit loss impairment between time periods.
PERCENTAGE CHANGE IN THE IMPAIRMENT CHARGE (%)	Ratio of change in the rate of impairment charge between time periods.
SOFP CREDIT IMPAIRMENT AS A % OF	Ratio of the Statement of Financial Position credit impairment to gross
GROSS LOANS AND ADVANCES (%)	loans and advances.

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